



ADMINISTRATIVE REFORMS COMMISSION

REPORT OF THE STUDY TEAM
ON
CENTRE-STATE RELATIONSHIPS

VOLUME II

APPENDICES

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TAX REVENUES OF THE CENTRAL GOVERNMENT

Appendix 1
(See paragraph 2.37)

| Head of revenue | First Plan | | Second Plan | | Third Plan | | 1966-67 (R.E.) | | 1967-68 (B.E.) | |
|---|---------------------------|--------|---------------------------|--------|---------------------------|-------|---------------------------|--------|---------------------------|-------|
| | Amount (Rs. Crores) | % | Amount (Rs. Crores) | % | Amount (Rs. Crores) | % | Amount (Rs. Crores) | % | Amount (Rs. Crores) | % |
| 1 | 2 | | 3 | | 4 | | 5 | | 6 | |
| 1. Taxes on income .. | 864.07 | 28.6 | 803.68 | 21.9 | 1148.30 | 14.6 | 280.00 | 12.2 | 290.00 | 11.5 |
| States' share .. | (278.24) | (12.0) | (374.67) | (10.2) | (555.52) | (7.1) | (137.10) | (6.0) | (131.58) | (5.2) |
| 2. Corporation tax .. | 201.12 | 8.7 | 379.25 | 10.4 | 1271.44 | 16.2 | 345.00 | 15.0 | 350.00 | 13.8 |
| 3. Expenditure tax .. | .. | .. | 2.34 | .. | 2.02 | .. | 0.11 | .. | 0.09 | .. |
| 4. Estate duty .. | 2.62 | 0.1 | 13.12 | 0.4 | 24.91 | 0.3 | 6.75 | 0.3 | 7.25 | 0.3 |
| States' share .. | (2.43) | (0.1) | (12.86) | (0.4) | (25.55) | (0.3) | (4.54) | (0.2) | (6.94) | (0.3) |
| 5. Tax on wealth .. | .. | .. | 36.97 | 1.0 | 50.55 | 0.6 | 12.25 | 0.5 | 12.50 | 0.5 |
| 6. Gift tax .. | .. | .. | 2.68 | 0.1 | 7.59 | 0.1 | 1.85 | .. | 1.50 | .. |
| 7. Customs .. | 915.71 | 39.5 | 817.65 | 22.3 | 1729.43 | 22.0 | 596.00 | 25.9 | 643.08 | 25.4 |
| 8. Union excise duties .. | 517.26 | 22.3 | 1553.99 | 42.4 | 3517.15 | 44.8 | 1030.21 | 44.8 | 1194.51 | 47.2 |
| 1 Out of which— | | | | | | | | | | |
| Basic excise .. | 571.26 | 22.3 | 1473.34 | 40.2 | 3116.56 | 39.7 | 928.43 | 40.3 | 1007.95 | 39.8 |
| Additional excise .. | .. | .. | 80.65 | 2.2 | 218.24 | 2.8 | 48.42 | 2.1 | 50.56 | 2.0 |
| Special excise .. | .. | .. | .. | .. | 176.41 | 2.2 | 54.01 | 2.4 | 57.37 | 2.3 |
| Regulatory excise .. | .. | .. | .. | .. | 5.94 | 0.1 | 1.35 | .. | .. | .. |
| Effect of budget proposals, 1967-68 .. | .. | .. | .. | .. | .. | .. | .. | .. | 78.63 | 3.1 |
| States' share .. | (64.06) | (2.8) | (281.23) | (7.7) | (614.81) | (7.8) | (230.91) | (10.0) | (231.57) | (9.1) |
| 9. Tax on railway passenger fares (net of states' share) .. | .. | .. | 2.46 | 0.1 | .. | .. | .. | .. | .. | .. |
| 10. Other taxes and duties .. | 17.52 | 0.8 | 51.35 | 1.4 | 102.60 | 1.4 | 28.99 | 1.3 | 32.00 | 1.3 |
| Total (including states' share) .. | 2318.30 | 100.0 | 3663.49 | 100.0 | 7853.99 | 100.0 | 2301.16 | 100.0 | 2530.93 | 100.0 |

Appendix 2

(See paragraphs 2.40, 3.50 & 3.52)

PROBLEMS TO BE REFERRED TO AN EXPERT COMMISSION*A—Taxation and tax distribution*

1. The commission may examine the need for
 - (a) prescribing percentages of shares of the Union and the states in respect of income tax and Union duties of excise;
 - (b) prescribing general principles and criteria for the distribution among the states of their shares of the central levies mentioned in Articles 269, 270 and 272 of the Constitution, listing the factors that should be taken into account in applying these principles and criteria and laying down the weightage to be given to each factor;
 - (c) widening the base of devolution by making one or more central taxes (in addition to the taxes referred to above) shareable between the centre and the states, and in particular assigning a share to the states of the net proceeds of income-tax paid by companies (now classified as corporation tax) as also of the net proceeds of a surcharge on income-tax levied for a period of more than three years;
 - (d) further exploiting the taxes mentioned in Article 269 of the Constitution.
2. The commission may investigate the effect of the combined incidence of each state's sales tax and Union duties of excise on the production, consumption or export of commodities or products, and the adjustments to be made in the state's share of Union excise duties if there is any increase in the state's sales tax on such commodities or products over a limit to be specified by the commission.
3. The commission may make recommendations on the possibility of extending the scheme of replacement of sales tax by additional duties of excise to other commodities particularly the following: —
 - (i) paper;
 - (ii) rubber goods;
 - (iii) glass and glassware;
 - (iv) steel products;
 - (v) mineral oils.

The commission may also examine the likely impact of such substitutions on the revenues of the affected states.

4. The commission may make recommendations on all or any of the matters listed above.

B—*Outstanding central loans to states and creation of sinking funds by states for the amortisation of debt*

1. The commission may make a comprehensive survey of the investments made by each state with the help of central loans and, on this basis, determine what portion of outstanding central loans can be treated as utilised for (a) re-lending purposes (b) financially productive schemes and (c) non-productive purposes.

2. The commission may draw up a repayment programme for the portion of the outstanding central loans treated as utilised for re-lending purposes.

3. The commission may likewise draw up a repayment programme for the portion of the outstanding central loans utilised for financially productive schemes. Alternatively, it may consider the conversion of such portion into interest-bearing non-repayable loans.

4. For the portion of the outstanding central loans which have been utilised for non-productive purposes, the commission may evolve a scheme for its liquidation and suggest an equitable apportionment of the burden of liquidation between the centre and the states.

5. The commission may examine the advisability and feasibility of creating sinking funds for loans, including market loans.

6. The commission may estimate the impact of the above measures on the resources of the centre and the states.

Appendix 3
(See paragraph 3.8)

DEBT POSITION OF STATES

(In crores of rupees)

| | End March | | | | | | | |
|----------------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| | 1952 | 1956 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 (R.E.) |
| 1. Public | 149 | 273 | 535 | 620 | 678 | 690 | 792 | 870 |
| 2. Centre | 239 | 876 | 2,016 | 2,314 | 2,677 | 3,112 | 3,559 | 4,094 |
| 3. Other sources .. | .. | .. | 52 | 64 | 77 | 97 | 117 | 187 |
| 4. Unfunded debt .. | 57 | 83 | 135 | 150 | 163 | 183 | 203 | 231 |
| Total debt .. | 445 | 1,232 | 2,738 | 3,148 | 3,595 | 4,082 | 4,671 | 5,382 |



Appendix 4
(See paragraph 3.9)

SUMMARY OF CAPITAL BUDGETS OF THE STATES

(In crores of rupees)

| | First Plan | Second Plan | Third Plan | 1966-67 |
|---|------------|-------------|------------|---------|
| 1. Permanent debt | .. | 158 | 337 | 449 |
| 2. Floating debt (Net) | .. | 16 | 29 | 17 |
| 3. Loans from centre | .. | 770 | 1417 | 3,091 |
| 4. Loans and advances repaid to states | .. | 123 | 232 | 387 |
| 5. Other loans, unfunded debt, deposits etc. | .. | 48 | 227 | 685 |
| Total Capital receipts | .. | 1,115 | 2,242 | 4,629 |
| | | | | 1,009 |
| 1. Development expenditure | .. | 699 | 1,260 | 1,812 |
| 2. Non-development expenditure | .. | -28 | 81 | 152 |
| 3. Loans & advances by states | .. | 292 | 610 | 1,577 |
| 4. (a) Discharge of permanent debt | .. | 30 | 50 | 123 |
| (b) Repayment of central loans | .. | 72 | 365 | 1,013 |
| (c) Repayment of other loans | .. | .. | 6 | 45 |
| Total capital disbursements | .. | 1,065 | 2,372 | 4,722 |
| | | | | 1,075 |
| Surplus (+) or deficit (-) on capital account | .. | +50 | -130 | -93 |
| Add surplus (+) or deficit (-) on revenue account | .. | -61 | +107 | +21 |
| Miscellaneous (Remittances) | .. | -5 | -40 | -94 |
| Overall Surplus (+) or Deficit (-) | .. | -16 | -63 | -166 |
| | | | | -35 |

Appendix 5
(See paragraph 3.10)

REVENUE SURPLUSES AND DEBT REPAYMENT OBLIGATIONS OF CENTRE AND STATES

(In crores of rupees)

| | | Revenue Surplus | Repayment of Permanent Debt | Revenue Surplus | Repayment of | | | Total Repayment |
|--------------|----|-----------------|-----------------------------|-----------------|----------------|--------------|------------|-----------------|
| | | | | | Permanent Debt | Central Loan | Other Loan | |
| 1961-62 | .. | 125 | 204 | —48 | 17 | 149 | 3 | 169 |
| 1962-63 | .. | 113 | 229 | 23 | 21 | 163 | 6 | 190 |
| 1963-64 | .. | 188 | 240 | 78 | 44 | 188 | 6 | 238 |
| 1964-65 | .. | 274 | 274 | 50 | 30 | 229 | 11 | 270 |
| 1965-66 | .. | 320 | 254 | —82 | 12 | 284 | 20 | 316 |
| 1966-67 (RE) | | 174 | 354 | 26 (RE) | 13 | 232 | 32 | 277 |
| 1967-68 (BE) | | 314 | 454 | (BE) | | | | |

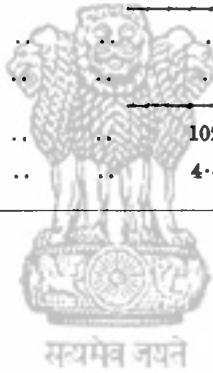


Appendix 6
(See paragraph 3.10)

**REPAYMENT OF BORROWINGS BY STATES AS COMPARED
WITH THEIR REVENUE RECEIPTS**

(In crores of rupees)

| | | | First Plan | Second Plan | Third Plan | Fourth Plan |
|---|----|----|---------------|----------------|---------------|----------------|
| | | | 1951-56 | 1956-61 | 1961-66 | 1966-67 |
| (A) Total revenue receipts | .. | .. | 2,335 | 4,041 | 7,314 | 2,097 |
| (B) Discharge of permanent debt | .. | .. | 30 | 50 | 123 | 13 |
| Percentage of (A) | .. | .. | 1.3 | 1.2 | 1.7 | 0.7 |
| (C) Repayment of loans to the centre .. | .. | .. | 72 | 365 | 1,013 | 232 |
| Percentage of (A) | .. | .. | 3.1 | 9.0 | 13.8 | 11.1 |
| (D) Repayment of other loans | .. | .. | .. | 6 | 45 | 32 |
| Percentage of (A) | .. | .. | .. | 0.1 | 0.6 | 1.5 |
| (E) Total debt repayment | .. | .. | 102 | 421 | 1,181 | 277 |
| Percentage of (A) | .. | .. | 4.4 | 10.3 | 16.1 | 13.3 |



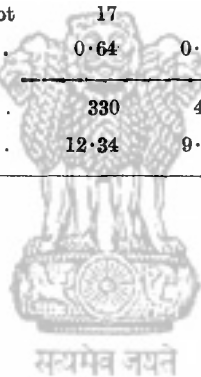
Appendix 7

(See paragraph 3.10)

**REPAYMENT OF BORROWINGS BY CENTRE AS COMPARED
WITH ITS REVENUE RECEIPTS**

(In crores of rupees)

| | | First Plan | Second Plan | Third Plan | Fourth Plan | |
|---|-------|---------------|----------------|---------------|-------------|---------|
| | | 1951-56 | 1956-61 | 1961-66 | 1966-67 | 1967-68 |
| (A) Total revenue receipts | .. | 2,677 | 4,451 | 13,359 | 3,715 | 4,067 |
| (B) Discharge of debts raised in India | | | | | | |
| —Permanent debt | | 313 | 383 | 860 | 186 | 259 |
| Percentage of (A) | | 11.70 | 8.60 | 6.44 | 5.01 | 6.37 |
| (C) Discharge of debt raised outside India—Permanent and other debt | | 17 | 43 | 341 | 168 | 195 |
| Percentage of (A) | | 0.64 | 0.97 | 2.55 | 4.52 | 4.79 |
| (D) Total debt repayment | .. | 330 | 426 | 1,201 | 354 | 454 |
| Percentage of (A) | | 12.34 | 9.57 | 8.99 | 9.53 | 11.16 |



Appendix 8

(See paragraph 3.41)

RESOURCES AND OUTLAYS FOR THE THIRD AND THE FOURTH PLANS

(In crores of rupees)

| | Resources | | | Plan outlays | | | Central assis- tance to states (Col. 5 —Col. 2) | Esti- mated total re- payment of plan and non-plan loan |
|------------------------------------|-----------|--------|--------|--------------|--------|--------|---|---|
| | Centre | States | Total | Centre | States | Total | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Third Plan (Original estimates) .. | 6,038 | 1,462 | 7,500 | 3,775 | 3,725 | 7,500 | 2,263 | N.A. |
| % | (80) | (20) | (100) | (50) | (50) | (100) | (30) | |
| Third Plan (latest estimates) .. | 6,970 | 1,660 | 8,630 | 4,475 | 4,155 | 8,630 | 2,495 | 860 |
| % | (81) | (19) | (100) | (52) | (48) | (100) | (29) | |
| Fourth Plan (Draft Outline) .. | 12,580 | 3,420 | 16,000 | 8,927 | 7,073 | 16,000 | 3,653 | 1,580 |
| % | (79) | (21) | (100) | (56) | (44) | (100) | (23) | |

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Appendix 9

(See paragraph 4.9)

CENTRAL GRANTS TO STATES

(In crores of rupees)

| | | | Third Plan | | | Fourth Plan | | |
|---------------------|----|----|------------|-----------------|-------|-------------|--|-------|
| | | | Statutory | Non-Statutory | Total | Statutory | Non-Statutory (First Year 1966-67) | Total |
| Plan Grants | .. | .. | 31 | 696 | 727 | 11 | 182 | 193 |
| (% of total grant) | .. | .. | (3) | (53) | (56) | (3) | (45) | (48) |
| Non-Plan Grants | .. | .. | 300 | 217+*63= 280 | 580 | 141 | 50+*16= 66 | 207 |
| (% of total grant) | .. | .. | (23) | (16+5= 21) | (44) | (35) | (13+4= 17) | (52) |
| Total | .. | .. | 331 | 976 | 1,307 | 152 | 248 | 400 |
| (% of total grants) | .. | .. | (26) | (74) | (100) | (38) | (62) | (100) |

*Grant in lieu of tax on railway passenger fares.

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Appendix 10
(See paragraph 4.10)

**A BROAD CLASSIFICATION OF NON-PLAN
NON-STATUTORY GRANTS**

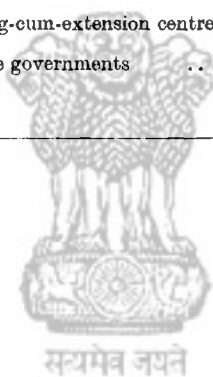
| Description of grants | Amount | Percentage of total |
|---|--------------|------------------------|
| | Rs. (Crores) | |
| I. Grants for schemes to be implemented under central control or supervision— | | |
| Schemes relating to central purposes | 18.5 | 28 |
| Schemes for which centre has taken a specified responsibility .. | 0.1 | |
| Schemes in which centre and states jointly participate | 0.3 | 1 |
| II. Grants for "state" schemes— | | |
| Schemes not needing central supervision or assistance | 2.8 | 4 |
| Schemes taken up after Finance Commission's award | 0.9 | 1 |
| Railway safety works | 1.4 | 2 |
| Central Road Fund grants | 3.9 | 6 |
| III. Grants for unforeseen or indeterminate liabilities | 21.0 | 33 |
| IV. Grants in pursuance of an assurance or agreement | 16.3 | 25 |
| Total of non-plan non-statutory grants .. | 65.2 | 100 |

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Appendix 11
[See paragraph 4.14(A)]

PART 'A'
GRANTS FOR "CENTRAL" PURPOSES

| Scheme | | | | | | Amount |
|--------|---|----|----|----|----|--------------|
| | | | | | | Rs. |
| 1. | Maintenance of mental patients evacuated from Pakistan | .. | .. | .. | .. | 2,20,800 |
| 2. | Payments to police force | .. | .. | .. | .. | 7,19,07,500 |
| 3. | Construction of border roads | .. | .. | .. | .. | 9,81,40,000 |
| 4. | Maintenance of border roads | .. | .. | .. | .. | 1,47,10,000 |
| 5. | Rural housing research-cum-training-cum-extension centres | .. | .. | .. | .. | 1,05,000 |
| 6. | Flying training schools run by state governments | .. | .. | .. | .. | 2,90,000 |
| Total | | | | | | 18,53,73,300 |



Appendix 11(A)(1)
[See paragraph 4.14(A)]

| | |
|---------------|--|
| <i>Scheme</i> | Maintenance of Mental Patients Evacuated from Pakistan. |
|---------------|--|

| | |
|--------------------------------|---------------------|
| <i>Administrative Ministry</i> | Ministry of Health. |
|--------------------------------|---------------------|

| | |
|-------------------------------------|------------------------|
| <i>Budget Provision for 1966-67</i> | B-5(3)(2)—Rs. 2,20,800 |
|-------------------------------------|------------------------|

Details

In accordance with the decision reached at the Inter-Dominion Conference held in December, 1948, 450 non-Muslim mental patients were transferred from Pakistan to India in December, 1950. Under the partition arrangements the responsibility of looking after those patients who belonged to West Pakistan was that of the Government of Punjab, while the Government of India was responsible for the rest. The latter are being looked after in an asylum in Bihar and the present grant is to the Government of Bihar on account of the maintenance charges of these patients.

Recommendations

This is a fully central responsibility. Payments to the state governments should be treated as re-imbusement of expenditure incurred by it on behalf of the centre instead of as a grant.

Related Entries in Seventh Schedule

Union List—Item 14 : Entering into treaties and agreements with foreign countries and implementing of treaties, agreements and conventions with foreign countries.

Concurrent List—Item 27 : Relief and rehabilitation of persons displaced from their original place of residence by reason of the setting up of the Dominions of India and Pakistan.

Appendix 11(A)(2)

[See paragraph 4.14(A)]

| | |
|-------------------------------------|---------------------------------|
| <i>Scheme</i> | Payment to Police Force. |
| <i>Administrative Ministry</i> | Ministry of Home Affairs. |
| <i>Budget Provision for 1966-67</i> | B-1(1)(1)—Rs. 7,19,07,500 |

Purpose

This was to maintain police forces in the border districts adjoining Pakistan and Tibet. The states concerned executed agency functions on behalf of the centre and the grants are in re-imbursement of the expenditure incurred by them.

With the taking over of the border security forces by the centre, the payment of grants to states is expected to cease from 1967-68.

Recommendations

This was an agency function and the payments to the states should have been classified as direct expenditure of the centre and not as grants.

Related Provision of the Constitution

Article 355 : It shall be the duty of the Union to protect every State against external aggression and internal disturbance

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Appendix 11(A)(3 & 4)
[See paragraph 4.14(A)]

Schemes

- (1) **Construction of Border Roads.**
- (2) **Maintenance of Border Roads.**

Administrative Ministry

Ministry of Transport and Shipping.

Budget Provision for 1966-67.

- (1) A-4(1)—Rs. 9,81,40,000
(2) B-15(2)—Rs. 1,47,10,000

Purpose

Improvement of border road communication for defence purposes.

Details

Both the above schemes are administered by the Border Road Development Board. The expenditure on the first scheme is met from capital account and that on the second from revenue account. The schemes are executed by state public works departments and the expenditure is reimbursed by the Central Government in the form of grants-in-aid.

Recommendations

Security of the border is a union function. Also, the centre can give directions to a state as to the construction or maintenance of any means of communication of national or military importance and the extra costs incurred by the state on this account have to be paid by the centre. The payments to states for the construction and maintenance of border roads are more in the nature of re-imbursement of expenditure incurred by them on behalf of the centre rather than grant.

Related Provisions of the Constitution

Article 257 :

(1) χ χ χ χ χ

(2) The executive power of the Union shall also extend to the giving of directions to a State as to the construction and maintenance of means of communication declared in the direction to be of national or military importance:

| | | | | | | | | |
|----------|---|---|---|---|---|---|---|---|
| Provided | | x | | x | | x | | x |
| (3) | x | | x | | x | | x | |

(4) Where in carrying out any direction given to a State under clause (2) as to the construction or maintenance of any means of communication or under clause (3) as to the measures to be taken for the protection of any railway, costs have been incurred in excess of those which would have been incurred in the discharge of the normal duties of the State if such direction had not been given, there shall be paid by the Government of India to the State such sum as may be agreed, or in default of agreement, as may be determined by an arbitrator appointed by the Chief Justice of India, in respect of the extra costs so incurred by the State.

Article 355 : It shall be the duty of the Union to protect every State against external aggression and internal disturbance



Appendix 11(A)(5)

[See paragraph 4.14(A)]

*Scheme***Rural Housing Research-cum-
Training-cum-Extension
Centres (Wings).***Administrative Ministry*Ministry of Works, Housing and
Urban Development.*Budget Provision for 1966-67*

B-13(6)—Rs. 1,05,000

Purposes

(i) To promote research on local building materials, construction techniques and designing of village houses;

(ii) to propagate the use of improved material and techniques; and

(iii) to train technical personnel employed on the Village housing project scheme"

Details

Research-cum-training-cum-extension centres on rural housing were set up in 1959 in different parts of the country, each centre designed to serve two or more regions. The centre in New Delhi is a wing of the School of Planning and Architecture, while the other centres are the wings of certain engineering colleges. Expenditure on running a wing upto a limit of Rs. 75,000 per year, as also expenditure on the construction of demonstration houses up to a limit of Rs. 30,000 per year is re-imbursed to each institution by the National Buildings Organisation. One of these wings is located in the Bengal Engineering College, Sibpur. As this is a state government college the amount to be re-imbursed is paid to the Government of West Bengal as a grant.

There is a Central Advisory Committee responsible for co-ordinating and guiding the activities of the wings. This committee consists, *inter alia*, of the representatives of the Ministry of Works, Housing and Urban Development and the National Buildings Organisation. The day-to-day, work of each wing is supervised by a Regional Advisory Committee on which there is a representative of the National Buildings Organisation, state officials and some others.

Recommendations

The engineering institutions which run the centres merely carry out the purposes for which the National Buildings Organisation has been constituted (e.g. economy in building programmes, standardisation of materials, etc.). The Bengal Engineering College (and hence the Government of West Bengal) is merely an agency through which the National Buildings Organisation carries out its functions. The amount paid to the Government of West Bengal on this account should therefore be treated as re-imbursement of expenditure incurred on behalf of the centre rather than as a grant.

Related Entry in Seventh Schedule

Union List—Item 65 : Union agencies and institutions for—

| | | | | | |
|-----|--|---|---|---|---|
| (a) | x | x | x | x | x |
| (b) | the promotion of special studies or research; or | | | | |
| (c) | x | x | x | x | x |



Appendix 11(A)(6)

[See paragraph 4.14(A)]

| | |
|-------------------------------------|---|
| <i>Scheme</i> | Grants for Flying Training Schools run by State Governments. |
| <i>Administrative Ministry</i> | Ministry of Tourism and Civil Aviation. |
| <i>Budget Provision for 1966-67</i> | B-16 Aviation—Rs. 2,90,000 |

Details

The above grant covers the financial assistance given to the flying clubs run by the Governments of Mysore and West Bengal. A flying club whether run by a state government or not is given a subsidy of Rs. 40,000 and a flying subvention depending upon the flying hours done during a year. The accounts of the clubs are open to test check by the Comptroller and Auditor General of India.

Recommendations

Under Entry 29 of the Union List, the provision for, and the regulation of, aeronautical education and training provided by states and other agencies is a union subject. The payments to states should therefore be treated as re-imbursement of expenditure incurred by them on behalf of the centre and not as grants.

Related Entry in Seventh Schedule

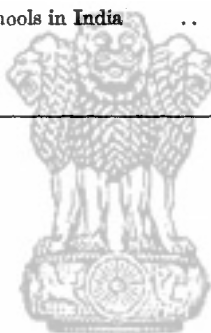
Union List—Item 29 : x x x x x x
 provision for aeronautical education and training and regulation of such education and training provided by States and other agencies.

Appendix 11

[See paragraph 4.14(B)]

PART 'B'**GRANTS FOR SCHEMES IN REGARD TO WHICH THE CENTRE
HAS UNDERTAKEN A SPECIFIC RESPONSIBILITY**

| Scheme | Amount |
|---|-----------|
| | Rs. |
| 1. Inter-state exchange of cultural troupes | 1,90,000 |
| 2. National prize competition for children's books in regional languages .. | 20,000 |
| 3. Award of community prizes for increasing agricultural production .. | 12,00,000 |
| 4. Scholarships for studies in public schools in India | 19,000 |
| Total .. | 14,29,000 |



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Appendix 11(B)(1)

[See paragraph 4.14(B)(i)]

| | |
|---------------|--|
| <i>Scheme</i> | Inter-State Exchange of Cultural Troupes. |
|---------------|--|

| | |
|--------------------------------|------------------------|
| <i>Administrative Ministry</i> | Ministry of Education. |
|--------------------------------|------------------------|

| | |
|-------------------------------------|------------------------|
| <i>Budget Provision for 1966-67</i> | B-4(3)(1)—Rs. 1,90,000 |
|-------------------------------------|------------------------|

Purpose

To create opportunities for people in different parts of India to get acquainted with one another's culture and thus to promote emotional and cultural integration.

Details

The troupe of a participating state gives performances in two other states. The grant covers the travelling expenses of a troupe beyond the point of assembly in its home state. Gate money is utilised by the receiving state to meet organisational expenses, conveyance charges, etc. as also the cost of board and lodging of the troupe members. The excess of actual expenditure over the gate-money is met by the centre. The centre gives a grant to cover pocket expenses of the members of the troupe and also meets two-thirds of the remuneration paid to artists subject to a ceiling.

Although the programme for inter-state performances was formerly being drawn up by the sending and receiving states, an all-India programme is now drawn up every year by the centre. Changes by mutual adjustment between the two states or with the approval of the Ministry of Education are possible.

A new scheme was started in 1963-64 for the entertainment of armed forces in the forward areas by sending troupes consisting of singers, musicians, dancers, magicians, drama troupes etc. The entire expenditure, excluding that on travel within the home state upto the point of assembly is met by the centre. The Ministry of Education bears the expenditure for the journey from the place of assembly to the place where the Ministry of Defence takes charge and back to the place of assembly, while the Ministry of Defence bears the rest of the expenditure on boarding, lodging and transport.

Recommendations

Please see paragraph 4.14 (B)(i).

Related Entry in Seventh Schedule

State List—Item 33 : Theatres and dramatic performances; cinemas subject to the provisions of entry 60 of List I; sports, entertainments and amusements.



Appendix 11(B)(2)

[See paragraph 4.14(B)(ii)].

*Scheme***National Prize Competition for Children's Books in Regional Languages.***Administrative Ministry*

Ministry of Education.

Budget Provision for 1966-67

B-4(3)(1)—Rs. 20,000

Purpose

To encourage the production of good books for children.

Details

The competition is being held every year since 1954-55. Entries in respect of books in Hindi, Sindhi and Urdu are submitted to the Ministry of Education; in the case of other regional languages the entries are submitted to the respective state education departments. The entries are evaluated in the manner laid down by the Ministry of Education and the prizes are announced by that ministry in consultation with the Children's Literature Committee. The grant covers (i) a prize of Rs. 1,000 for each book selected (ii) cost of copies of prize-winning books purchased for distribution to school libraries and children's centres and (iii) honoraria to reviewers.

*Recommendations***Please see paragraph 4.14(B)(ii).***Related Entry in Seventh Schedule*

State List—Item 11 : Education including universities, subject to the provisions of entries 63, 64, 65 and 66 of List I and entry 25 of List III.

Appendix 11(B)(3)

[See paragraph 4.14(B)(iii)]

*Scheme***Award of Community Prizes
for Increasing Agricultural
Production.***Administrative Ministry*

Department of Agriculture.

Budget Provision for 1966-67

B-7(1)(2)—Rs. 12,00,000

Details

The scheme was started in 1958-59 as a central plan scheme. A state or district which achieves an increase in the production of foodgrains by 15% or more in a crop season over an average of the previous three years is given a community award of Rs. 50,000 and Rs. 10,000 respectively. The award money is to be utilised on activities which promote agricultural production.

*Recommendations***Please see paragraph 4.14(B)(iii).***Related Entry in Seventh Schedule*

State List—Item 14 : Agriculture, including agricultural education and research, protection against pests and prevention of plant diseases.

Appendix 11(B)(4)

[See paragraph 4.14(B)(iv)].

| | |
|---------------|---|
| <i>Scheme</i> | Scholarships for Studies in Public Schools in India. |
|---------------|---|

| | |
|--------------------------------|------------------------|
| <i>Administrative Ministry</i> | Ministry of Education. |
|--------------------------------|------------------------|

| | |
|-------------------------------------|----------------------|
| <i>Budget Provision for 1966-67</i> | B-4(2)(1)—Rs. 19,000 |
|-------------------------------------|----------------------|

Purpose & Details

The object of this scheme is to make available the benefits of a public school education to deserving children from the less affluent sections of society. Preliminary selection of children is made by the state governments and the final selection by the Ministry of Education which then allots the students to the various residential public schools. There is no fixed quota for each state and selection is on the basis of performance in the tests and interviews.

The expenditure incurred by state governments on conducting the tests and payment of travelling allowance to candidates is reimbursed to them by the centre in the shape of grants. The scholarships are remitted by the Ministry of Education to the public schools direct and are booked as expenditure of that ministry.

Recommendations

Please see paragraph 4.14(B)(iv).

Related Entry in Seventh Schedule

State List—Item 11 : Education including universities, subject to the provisions of entries 63, 64, 65 and 66 of List I and entry 25 of List III.

Appendix 11
[See paragraph 4.14(C)]

PART 'C'

GRANTS FOR SCHEMES IN WHICH THE CENTRE AND THE STATES JOINTLY PARTICIPATE

| Scheme | | | | | | Amount |
|----------------------------------|----|----|----|----|----|-----------|
| | | | | | | Rs. |
| 1. Small savings scheme | .. | .. | .. | .. | .. | 15,00,000 |
| 2. National sample survey scheme | .. | .. | .. | .. | .. | 17,50,000 |
| Total | | | | | .. | 32,50,000 |



Appendix 11(C)(1)
[See paragraph 4.14(C)]

| | |
|-------------------------------------|------------------------------|
| <i>Scheme</i> | Small Savings Scheme. |
| <i>Administrative Ministry</i> | Ministry of Finance. |
| <i>Budget Provision for 1966-67</i> | B-2(1)—Rs. 15,00,000 |

Purpose

Publicity to small savings schemes.

Details

There are agencies for popularising the small savings schemes at the central and state levels. The Central Government meets 50% of the expenditure on the staff employed by the states with the centre's approval, for giving publicity to the small savings schemes. The state governments are also eligible to loans up to two-thirds of the collection in the respective states for their developmental schemes.

Recommendations

This is a scheme in which both the centre and the states are interested. The centre's share of the expenditure should therefore be treated as re-imbursement of the expenditure incurred by the states on its behalf rather than as a grant.

Related Entries in Seventh Schedule

Union List—Item 35 : Public debt of the Union.

State List—Item 43 : Public debt of the State.

Appendix 11(C)(2)
[See paragraph 4.14(C)]

| | |
|-------------------------------------|---|
| <i>Scheme</i> | National Sample Survey Scheme. |
| <i>Administrative Ministry</i> | Cabinet Secretariat (Deptt. of Statistics). |
| <i>Budget Provision for 1966-67</i> | B-13(1)—Rs. 17,50,000 |

Details

The National Sample Survey Organisation and state statistical agencies participate in a joint programme of work the expenditure on which is equally shared between the centre and the states. Details of the staff to be employed by the states are laid down by the centre. The states can utilise this staff for work outside the joint programme at their own cost. The results based on the data collected for the joint programme can be utilised by the states but cannot be made available to the public without the previous consent of the centre. An arrangement of this type aims at ensuring uniformity in the concept, definition and standards employed in the collection and processing of statistical data.

Recommendations

The centre employs state statistical agencies for the collection of statistical data required by the National Sample Survey and shares only such expenditure as has been incurred for the purpose of the joint programme. State governments perform agency functions in collecting and processing statistical data for the National Sample Survey. Consequently the central share of cost of the joint programme should be treated as an outright expenditure of the Department of Statistics and not as grant.

Related Entries in Seventh Schedule

Union List—Item 94 : Inquiries, surveys and statistics for the purpose of any of the matters in this List.

Concurrent List—Item 45 : Inquiries and statistics for the purposes of any of the matters specified in List II or List III.

Appendix 12

[See paragraph 4.15(A)]

PART 'A'
GRANTS FOR "STATE" SCHEMES THAT DO NOT NEED CENTRAL ASSISTANCE

| Scheme | Amount |
|---|-------------|
| <i>State Subjects—</i> | Rs. |
| 1. Indo-Norwegian health projects in Kerala | 1,00,000 |
| 2. Social education organisations | 1,18,000 |
| 3. Encouragement to professional theatres | 20,000 |
| 4. Training of non-official members of block development committees .. | 10,000 |
| 5. Preservation of sites and memorials not protected by Archaeological Survey of India | 1,50,000 |
| 6. Orientation Training Centre, Poonamallee | 50,000 |
| 7. Allowances to persons distinguished in letters, arts etc. | 3,00,000 |
| 8. Scholarships and other educational facilities to children of political sufferers | 8,00,000 |
| 9. Preparation of who's who of persons who took part in the struggle for freedom | 5,000 |
| <i>Concurrent subjects—</i> | |
| 10. Archaeological excavation | 36,000 |
| 11. Workers Social Education Institute, Indore | 30,800 |
| 12. Scheme for training of craftsmen | 1,70,00,000 |
| 13. Manpower and employment schemes | 80,00,000 |
| 14. Aid to displaced students from West Pakistan | 25,000 |
| 15. Aid to displaced students from East Pakistan | 4,00,000 |
| 16. Reservation of beds for displaced T.B. patients from East Pakistan .. | 4,00,000 |
| 17. Financial assistance to displaced T.B. patients and their dependents from East Pakistan | 1,00,000 |
| 18. Destitute displaced persons | 10,000 |
| 19. Other medical facilities for displaced patients | 73,000 |
| Total .. | 2,76,27,800 |

Appendix 12(A)(1)

[See paragraph 4.15(A)]

*Scheme***Indo-Norwegian Health Projects
in Kerala.***Administrative Ministry*

Ministry of Health.

Budget Provisions for 1966-67

B-6(5)(2)—Rs. 1,00,000

Details

Under an agreement with the Government of Norway and the United Nations, a fisheries project was taken up in Kerala in 1952. The project was administered by the state government under the general supervision of the Government of India and in consultation with the World Health Organisation and the Government of Norway.

Under a supplementary agreement entered into in 1961, the project was expanded so as to include other states besides Kerala and it became the Government of India's responsibility to administer it. Its direct administration was taken over by the Government of India in 1963 and, since then, it has been executed as a central plan scheme.

Under the supplementary agreement entered into in 1963, that part of the fisheries project which dealt with health and sanitation facilities was expanded, integrated with public health schemes and handed over to the Government of Kerala. Until the supplementary agreement remained operative (viz., upto 31st March, 1966), the Government of India agreed to share with the state government 50 per cent of the expenditure on the health project. The reason given for granting 50 per cent assistance was that the Government of India, before it took over the fisheries project, had been financing it on a 50:50 basis. There does not appear to be anything on record to show why the scheme was not treated as a state plan scheme.

Recommendations

The project should have been included in the state plan so that the necessity of giving non-plan assistance would not have arisen.

Related Entry in Seventh Schedule

State List—Item 6 : Public health and sanitation; hospitals and dispensaries.

Appendix 12(A)(2)
[See paragraph 4.15(A)]

| | |
|-------------------------------------|--|
| <i>Scheme</i> | Social Education Organisations. |
| <i>Administrative Ministry</i> | Department of Community Development. |
| <i>Budget Provision for 1966-67</i> | B-14(3)(1)—Rs. 1,18,000 |

Purpose

This is to meet the expenditure incurred by the Social Education Centres at Lucknow and Bhubaneswar. The centres are run by the Governments of Uttar Pradesh and Orissa to train social education organisers for work in community development areas. There are ten other centres of this type operating in other states, which are run by non-government organisations.

Recommendations

Community development is essentially a state subject and consequently the training of organisers for work in community development areas should be the responsibility of the state government. There is no justification for giving any special central grants for this purpose.

Related Entries in Seventh Schedule

State List—Item 5 : Local government, that is to say, the constitution and powers of municipal corporations, improvement trusts, district boards, mining settlement authorities and other local authorities for the purpose of local self-government or village administration.

State List—Item 11 : Education including universities, subject to the provisions of entries 63, 64, 65 and 66 of List I and entry 25 of List III.

Appendix 12(A)(3)

[See paragraph 4.15(A)]

*Scheme***Encouragement to Professional Theatres.***Administrative Ministry*

Ministry of Education.

Budget Provision for 1966-67

B-4(3)(1)---Rs. 20,000

Details

One theatre group in each state is selected to give a prescribed number of performances each year. The excess of expenditure over income of the theatre group during a year is shared equally by the centre and the state.

Recommendations

Theatres and dramatic performances being a state subject there is no justification for giving grants-in-aid to state governments for encouragement of professional theatres in states.

Related Entry in Seventh Schedule

State List—Item 33 : Theatres and dramatic performances, cinemas subject to the provisions of entry 60 of List I; sports, entertainments and amusements.

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Appendix 12(A)(4)
[See paragraph 4.15(A)]

| | |
|-------------------------------------|--|
| <i>Scheme</i> | Training of Non-official Members of Block Development Committees. |
| <i>Administrative Ministry</i> | Department of Community Develop- ment. |
| <i>Budget Provision for 1966-67</i> | B-14(3)(1)—Rs. 10,000 |

Details

This scheme was started in 1959-60 to train non-officials associated with the community development programmes at the block level. The training is imparted mostly through non-official agencies. The expenditure incurred by the states is re-imbursed by the centre subject to a ceiling of Rs. 50 per person trained.

Recommendations

Community development is a state subject and the training of non-officials should be the responsibility of the states. There is no justification for a non-plan grant, which may be discontinued.

Related Entry in Seventh Schedule

State List—Item 5 : Local government, that is to say, the constitution and powers of municipal corporations, improvement trusts, district boards, mining settlement authorities and other local authorities for the purpose of local self-government or village administration.

Appendix 12(A)(5)
[See paragraph 4.15(A)]

| | |
|-------------------------------------|---|
| <i>Scheme</i> | Preservation of Sites and Memorials Not Protected by the Archaeological Survey of India. |
| <i>Administrative Ministry</i> | Ministry of Education. |
| <i>Budget Provision for 1966-67</i> | B-4(3)(1)—Rs. 1,50,000 |
| <i>Purpose</i> | |

To cover 50% of the expenditure incurred on the approved items of repairs of memorials or monuments which, though of historical, cultural, scientific or aesthetic importance, are not treated as of national importance under the Ancient Monuments and Archaeological Sites and Remains Act, 1958.

Recommendations

Ancient and historical monuments declared to be of national importance fall in the Union List, while those which have not been so declared fall in the State List. Maintenance of sites and memorials other than those declared to be of national importance is thus the responsibility of state governments. If this responsibility is not being properly discharged, the remedy would be for the Central Government to declare them as of national importance or, if this is not possible, to acquire them. The present grants would appear to encourage the states to disregard their obligations and may be discontinued.

Related Entry in Seventh Schedule

State List—Item 12 : Libraries, museums and other similar institutions controlled or financed by the State; ancient and historical monuments and records other than those declared by or under law made by Parliament to be of national importance.

Appendix 12(A)(6)
[See paragraph 4.15(A)]

Scheme **Orientation Training Centre,
Poonamallee.**

Administrative Ministry Ministry of Health.

Budget Provision for 1966-67 B-6(1)—Rs. 50,000

Purpose

To train personnel from primary health centres in rural health problems, rural environmental sanitation, preventive and social medicine and extension techniques to be used in the community development programme.

Details

The Orientation Training Centres at Najafgarh (near Delhi), Singur (near Calcutta), and Poonamallee (near Madras), were established in 1953-54 with Ford Foundation's assistance. The first two have been merged with the Rural Health Training Centre, Delhi, and the All-India Institute of Hygiene and Public Health, Calcutta, respectively, both Central Government institutions. In regard to the centre at Poonamallee the Central Government has agreed to bear 50 per cent of the expenditure subject to the condition that no fees would be charged by the Government of Madras (which runs the centre) in respect of trainees from other states.

To develop team approach, training is given to full teams, each team consisting of all the officials working at a particular primary health centre. Each state is served by a particular training centre and is allotted seats for not more than two complete teams. During the period of training a training centre pays a stipend of Rs. 75 per month to each trainee. The Ministry of Health and the Department of Community Development approve the annual programmes drawn up by training centres. The Director General of Health Services keeps a watch on the number of health personnel trained.

The number of persons trained at the Najafgarh and Singur Centres has shown a perceptible decrease since 1962, the reason being that many of the states have now their own training facilities. The centre at Poonamallee, however, is continuing to receive a fairly steady number of trainees from the states served by it.

Recommendations

The importance of training public health personnel in preventive and social medicine would now have been realised by the state governments, and the main objective of the Government of India in introducing and financing this scheme achieved. As "Public health and sanitation" is a state subject it would be appropriate for the state governments themselves to finance such orientation training centres on their own.

Related Entry in Seventh Schedule

State List—Item 6 : Public health and sanitation; hospitals and dispensaries.



Appendix 12(A)(7)

[See paragraph 4.15(A)]

*Scheme***Allowances to Persons Distinguished in Letters, Arts etc.***Administrative Ministry*

Ministry of Education.

Budget Provision for 1966-67

B-18(7)(8)—Rs. 3,00,000

Purpose

To give financial assistance in lump sum or as a monthly allowance upto Rs. 150 per month to (i) persons in indigent circumstances who have made valuable contribution to arts and letters (ii) dependents of distinguished writers and artists who leave their families unprovided.

Details

Since 1961-62 the expenditure is being shared by the centre and the states in the proportion of 2:1. Formerly the entire expenditure was borne by the centre.

Applications, which may be addressed either to a state government or to the Government of India, are first examined by the concerned state and the type and quantum of assistance are then decided on the basis of the state's recommendations. In the case of disagreement, either government is free to pay a grant or allowance on its own.

Recommendations

Grant of financial assistance by the centre has perhaps acted as an inducement to the states to give assistance on a more liberal scale and to a larger number of eligible persons that the states might otherwise have been willing to give. It would however appear to be the duty of a state to encourage and promote the growth of the arts within its territory. As the amount of central assistance is not very large, it would be possible to persuade the states to bear the full expenditure on these allowances. This grant may be abolished.

Appendix 12(A)(8)

[See paragraph 4.15(A)]

*Scheme***Scholarships and Other Educational Facilities to Children of Political Sufferers.***Administrative Ministry*

Ministry of Education.

Budget Provision for 1966-67

B-4(3)(1)—Rs. 8,00,000

Purpose

Award of scholarships to the children of political sufferers who do not have adequate income.

Details

This scheme was framed on the basis of a resolution moved in Parliament in 1956. Previously educational facilities to the children of political sufferers were provided in all states except Andhra Pradesh, Bombay, Mysore, Orissa and West Bengal. The definition of "political sufferer" differed widely. The new scheme gives a more liberalised definition and provides for the following facilities for the children of such persons having a monthly income of not more than Rs. 300:—

- (a) special consideration in the matter of admission and award of freeship in recognised schools;
- (b) free seats in hostels attached to recognised schools and colleges; and
- (c) stipends and book grants to scholars.

Individual cases are examined by the Ministries of Education and Home Affairs. The centre meets 50 per cent of the expenditure incurred on this account by the states. The policy of the centre in this matter is that

- (a) the Central Government should not take direct responsibility for giving scholarships except to the children of political sufferers belonging to the union territories; and
- (b) the Central Government should give subsidies to the state governments to assist them in their schemes for grant of scholarships and other educational facilities to the children of political sufferers.

Recommendations

The responsibility for granting educational facilities to children of political sufferers is primarily that of the state to which the political sufferer belongs. As central assistance for this scheme is not very large it should be possible to persuade the states to bear the full expenditure on the scheme. It may also be pointed out that, as the financial liability involved is not unlimited, it can be estimated with reasonable accuracy and taken into account at the time of the five-yearly assessment of the non-plan needs of the states. The grants may be discontinued.



Appendix 12(A)(9)
[See paragraph 4.15(A)]

Scheme

**Preparation of Who's Who of
Persons Who Took Part in the
Struggle for Freedom.**

Administrative Ministry

Ministry of Education.

Budget Provision for 1966-67

B-4(3)(1)—Rs. 5,000

Purpose

To cover the Government of India's share of the cost of publication of "Who's who of persons who took part in the struggle for freedom".

Details

At the conference of Chief Ministers held in 1961, the centre promised to give financial assistance to states towards the cost of above publication. The central grant covers 1/3 of the expenditure incurred by states on the collection of material, preparation of manuscript, publication etc. In exceptional cases where documentation involved is very large, the centre's contribution can be raised up to 50 per cent or even more. Preparation of these publications is still under way. The total payment made to the states so far has ranged, from Rs. 1.140 (Madras) to Rs. 27.881 (West Bengal).

Recommendations

The centre, apart from determining the amounts of the grants on the basis of the actual expenditure incurred, exercises no supervision over the preparation of the above mentioned documents. Moreover the financial inducement to the states is comparatively negligible. A state which is interested in continuing the scheme may be expected to do so whether or not central assistance is forthcoming. The grants may therefore be abolished from the next plan period at the latest. The expenditure that the states are likely to incur on the scheme may be taken into account at the time of the next five-yearly assessment of the non-plan needs of the states.

Appendix 12(A)(10)

[See paragraph 4.15(A)]

| | |
|-------------------------------------|------------------------------------|
| <i>Scheme</i> | Archaeological Excavations. |
| <i>Administrative Ministry</i> | Ministry of Education. |
| <i>Budget Provision for 1966-67</i> | B-3(3)—Rs. 36,000 |

Purpose

To encourage archaeological excavations by state organisations.

Details

State Governments receive grants to the extent of 50 per cent of the expenditure incurred on excavation schemes approved by the Standing Committee of the Central Advisory Board of Archaeology.

Recommendations

Archaeological sites and remains of national importance come under the Union List while others are covered by the Concurrent List. Excavation at an archaeological site of national importance is prohibited except with the prior approval of the Director General of Archaeology. Excavation at other sites requires the permission of the Central Government. Subject to these restrictions, a state government is free to decide its programme of archaeological excavations. If the centre wishes to step up such excavation, it should expand the programme of the Archaeological Survey and, if necessary, employ a state organisation for this purpose. The state organisation would undertake such excavation as an agency function. While the centre is not precluded from persuading states to take up archaeological excavations, no grants to states for this purpose should be necessary.

Related Entries in Seventh Schedule

Union List—Item 67 : Ancient historical monuments and records and archaeological sites and remains, declared by or under law made by Parliament to be of national importance.

Concurrent List—Item 40 : Archaeological sites and remains other than those declared by or under law made by Parliament to be of national importance.

Appendix 12(A)(11)

[See paragraph 4.15(A)]

*Scheme***Workers Social Education
Institute, Indore.***Administrative Ministry*

Ministry of Education.

Budget Provision for 1966-67

B-4(3)(1)—Rs. 30,800

Purpose

This is a pilot project for social education in urban areas for industrial workers with facilities for such activities as forming educational groups, film exhibitions, study groups, elocution competitions etc.

Details

Jointly formulated by the Ministries of Education and Labour and Employment, the scheme is administered by a board with representatives of workers, employers, as well as of the Central and Madhya Pradesh Governments and other interested agencies. The institute is run by the state government, but the entire expenditure is borne by the centre as a grant.

The scheme was started as a centrally sponsored plan scheme but the Government of India continues to meet the entire non-plan expenditure of the institute presumably on the assumption that, being essentially a central scheme, the state government cannot be expected to meet any expenditure whether plan or non-plan.

Recommendations

Labour welfare being a concurrent subject, central assistance appears appropriate, more so in the case of pilot projects of this type. However, after such projects cease to have their pilot character the state benefited by the scheme should bear the non-plan expenditure. Such grants should consequently be discontinued and the state may seek the necessary funds at the time of the five-yearly assessment of non-plan needs.

Related Entry in Seventh Schedule

Concurrent List—Item 24 : Welfare of labour including conditions of work, provident funds, employers' liability, workmen's compensation, invalidity and old age pensions and maternity benefits.

Appendix 12(A)(12)&(13)

[See paragraph 4.15(A)]

Schemes

- (1) Scheme for the Training of Craftsmen.**
- (2) Manpower and Employment Schemes.**

Administrative Ministry

Ministry of Labour, Employment and Rehabilitation.

Budget Provision for 1966-67

B-12(2)—Other grants

- (1) Schemes for Training of Craftsmen Rs. 1,70,00,000
- (2) Manpower and Employment Schemes Rs. 80,00,000

Purpose and Details

In 1945, the Government of India set up the Directorate General of Resettlement & Employment and a network of employment exchanges to facilitate the orderly absorption of service personnel and war workers in civil life. The D.G.R. & E. had also schemes for training of craftsmen. The states met two-fifths of the expenditure on these schemes. On the recommendations of the Shiva Rao Committee made in 1954, the day-to-day administration of these schemes was transferred to the states with effect from 1-11-1956. No change was made in the incidence of expenditure between the centre and the states. The centre continues to be responsible for laying down the national policy, standards, conduct of trade tests, award of certificates etc.

Till the beginning of the Fourth Plan, the centre's share of non-plan expenditure was computed at 60 per cent of the recurring expenditure on employment and craftsmen training schemes as at the beginning of a plan period. As the fourth Finance Commission, in its assessment of non-plan needs of states, took into account the committed expenditure relating to third plan schemes, the present grant covers the centre's share of the committed expenditure in respect of only first and second plan schemes.

Recommendations

Committed expenditure relating to all completed plan schemes should be taken into account at the next five-yearly assessment of non-plan needs and these grants discontinued. To enable the centre to discharge its responsibilities towards training services and especially in the maintenance of all-India standards suitable legislation may be passed by Parliament where necessary.

Related Entries in Seventh Schedule

Concurrent List—Item 23 : Social security and social insurance; employment and unemployment.

Concurrent List—Item 25 : Vocational and technical training of labour.



Appendix 12(A)(14&15)

[See paragraph 4.15(A)]

Schemes

- (1) **Aid to Displaced Students from West Pakistan.**
- (2) **Aid to Displaced Students from East Pakistan.**

Administrative Ministry

Ministry of Education.

Budget Provision for 1966-67

B-4(3)(1)—

- (1) Aid to Displaced Students from West Pakistan—Rs. 25,000
- (2) Aid to Displaced Students from East Pakistan—Rs. 4,00,000

Details

State governments are paid the cost of stipends to, and the fees remitted in respect of, refugee students and trainees who, under a scheme drawn up by the centre, are being helped to pursue their studies. This assistance is now given only to those students who were in receipt of assistance during 1960-61. The amounts to be paid as grants to states on this account are therefore, progressively decreasing year after year. For later migrants from Pakistan, all rehabilitation assistance is given by the Department of Rehabilitation.

Recommendations

These grants are being given evidently on the ground that the fourth Finance Commission assumed that grants for rehabilitation of displaced persons would be continued by the centre. As there is, however, no uncertainty about the magnitude of expenditure on these schemes the expenditure should be included at the time the non-plan needs of the states are next assessed and the grants discontinued.

Related Entry in Seventh Schedule

Concurrent List—Item 27 : Relief and rehabilitation of persons displaced from their original place of residence by reason of the setting up of the Dominions of India and Pakistan.

Appendix 12(A)(16 to 19)

[See paragraph 4.15(A)]

Schemes and Budget Provision for (1) **Reservation of Beds for Displaced TB Patients from East Pakistan.**

1966-67

B-6(5)(2)—Rs. 4,00,000

(2) **Financial Assistance to Displaced TB Patients and their Dependents from East Pakistan.**

B-6(5)(2)—Rs. 1,00,000

(3) **Destitute Displaced Persons.**

B-6(5)(2)—Rs. 10,000

(4) **Other Medical Facilities for Displaced Patients.**

B-5(3)(2)—Rs. 73,000

Administrative Ministry

Ministry of Health.

Details

Scheme (1)—This represents the grants paid to the Governments of Assam, Bihar and West Bengal in re-imbursement of the charges for beds in T.B. hospitals reserved for displaced persons suffering from T.B.

Scheme (2)—This is in re-imbursement of the expenditure incurred by state governments on account of cash grants to displaced persons suffering from T.B. (including dependents of such persons).

Scheme (3)—This represents grants to states for meeting the cost of the beds reserved for T.B. patients from West Pakistan. The concerned states are Gujarat, Maharashtra, Punjab, Rajasthan and Uttar Pradesh. The centre has decided gradually to pass on to the states concerned the responsibility of maintaining these patients. As against 523 reserved beds in 1955, the centre paid for 201 beds in 1965-66.

Scheme (4)—This represents the grants paid to the Government of West Bengal in re-imbursement of the charges for the hospital beds in Calcutta reserved for displaced persons suffering from ailments other than T.B.

Recommendations

These grants are being given evidently on the grounds that the fourth Finance Commission assumed that grants for rehabilitation of displaced persons would be continued by the centre. As there is no uncertainty about the magnitude of expenditure on these schemes, the expenditure on these schemes could have been included in the fourth Finance Commission's assessment of non-plan expenditure of the states concerned. This may be done at the next such assessment and the grants discontinued from the next plan period.

Related Entry in Seventh Schedule

Concurrent List—Item 27 : Relief and rehabilitation of persons displaced from their original place of residence by reason of the setting up of the Dominions of India and Pakistan.



Appendix 12

[See paragraph 4.15(B)]

PART 'B'**GRANTS TO ASSIST STATES TO MEET LIABILITIES WHICH
HAVE ARISEN AFTER THE FINANCE COMMISSION'S AWARD**

| Scheme | Amount |
|---|-----------|
| | Rs. |
| 1. National fitness corps | 87,00,000 |
| 2. Production of live oral polio vaccine at the Haffkine Institute, Bombay .. | 1,46,000 |
| Total .. | 88,46,000 |



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Appendix 12(B)(1)
[See paragraph 4.15(B)]

| | |
|-------------------------------------|--------------------------------|
| <i>Scheme</i> | National Fitness Corps. |
| <i>Administrative Ministry</i> | Ministry of Education. |
| <i>Budget Provision for 1966-67</i> | B-4(3)(1)—Rs. 87,00,000 |

Purpose

The National Fitness Corps is an integrated version of (i) the physical education programme, (ii) the national discipline scheme and (iii) the auxiliary cadet corps. So far this has been a central scheme. It is now proposed to decentralise the scheme and hand over its working to the states. The above grant is to enable the states to meet the connected expenditure. The proposal has still to be finalised.

Recommendations

If it is decided to decentralise the scheme the grant will be necessary and may have to continue until the next five-yearly assessment of the non-plan needs of states is carried out.

Related Entry in Seventh Schedule

State List—Item 11 : Education including universities, subject to the provisions of entries 63, 64, 65 and 66 of List I and entry 25 of List III.

Appendix 12(B)(2)
[See paragraph 4.15(B)]

Scheme **Production of Live Oral Polio Vaccine at the Haffkine Institute, Bombay.**

Administrative Ministry Ministry of Health.

Budget Provision for 1966-67 B-6(5)(2)—Rs. 1,46,000

Details

The Government of Maharashtra is to receive central assistance to the extent of Rs. 6.5 lakhs or 50 per cent of the non-recurring expenditure on building and equipments (excluding imported equipments), whichever is less. The grant is subject to the condition that the vaccine manufactured is made available on a "no profit" basis, to the centre for its programmes. Although this vaccine is also manufactured at the Pasteur Institute, Coonoor, it was considered advisable to have one more centre of production at Bombay.

Recommendations

Please see paragraph 4.15(B).

Related Entries in Seventh Schedule

Concurrent List—Item 19 : Drugs and poisons, subject to the provisions of entry 59 of List I with respect to opium.

Concurrent List—Item 29 : Prevention of the extension from one State to another of infectious or contagious diseases or pests affecting men, animals or plants.

State List—Item 6 : Public health and sanitation; hospitals and dispensaries.

Appendix 12

[See paragraph 4.15(C)]

PART 'C'**GRANTS TO INDUCE STATES TO CONTINUE A PLAN SCHEME***Scheme***Employment Organisation for the Handicapped.***Administrative Ministry*

Department of Social Welfare.

Budget Provision for 1966-67

B-4(3)(3)—Rs. 1,14,000

Purpose

To give employment assistance to the physically handicapped.

Details

Till the end of the Third Plan this was a centrally sponsored scheme, but is now treated by the Department of Social Welfare as a central scheme in as much as both recurring and non-recurring non plan expenditure on these exchanges is being reimbursed in full to the states concerned. Only nine such exchanges have been opened so far, as many states did not agree to take up this scheme.

Every exchange has an Advisory Committee consisting of medical experts and others, including a representative of the Department of Social Welfare. The working of the scheme as a whole is supervised by a "National Advisory Council for the Education of the Handicapped" consisting of representatives of all the states with the Deputy Minister of the Department as chairman.

The idea of providing personalised (and hence time-consuming) employment services to the handicapped has still to take roots in the states. Such services are now limited to the blind, the deaf and the crippled. It is feared that, unless the centre provides full assistance, the states may close down the exchanges.

Recommendations

As "Employment and unemployment" is a concurrent subject, the states have a responsibility for providing employment facilities to the physically handicapped. Instead of the centre providing financial assistance for an indefinite period, it is suggested that suitable legislation could be passed enabling the centre to take up the scheme as a central scheme (which would be implemented by the states as agencies under

Article 258) or making it obligatory for the state to provide employment facilities to the handicapped in accordance with such guidelines as the centre may lay down. In the latter event, the expenditure on such facilities could be taken into account at the time of the five-yearly assessment of the non-plan needs of the states.

Related Entry in Seventh Schedule

Concurrent List—Item 23 : Social security and social insurance; employment and unemployment.

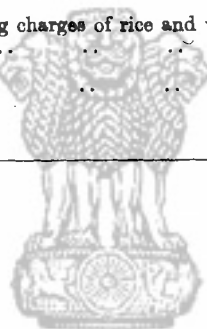


Appendix 13

[See paragraph 4.16]

**GRANTS TO ASSIST STATES TO MEET UNFORESEEN OR IN-
DETERMINATE LIABILITIES**

| Scheme | Amount |
|--|--------------|
| | Rs. |
| 1. Relief and rehabilitation of displaced persons | 5,22,69,000 |
| 2. Relief to displaced goldsmiths and their families | 24,00,000 |
| 3. Relief and other measures necessitated by hostilities | 1,47,91,000 |
| 4. Assistance for natural calamities | 12,00,00,000 |
| 5. Development of border areas | 65,00,000 |
| 6. Assistance for transport and handling charges of rice and wheat in J. and K. | 8,00,000 |
| 7. Homes/Infirmarys and outside doles | 1,30,00,000 |
| Total | 20,97,60,000 |



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Appendix 13(1)

[See paragraph 4.16]

*Scheme***Relief and Rehabilitation of Displaced Persons.***Administrative Ministry*

Department of Rehabilitation.

Budget Provision for 1966-67

| | Rs. (in lakhs) | Rs. (in lakhs) |
|---|-------------------|-------------------|
| (1) Relief— | | 386.90 |
| (2) Rehabilitation— | | |
| (i) Migrants from West Pakistan | 0.45 | 135.79 |
| (ii) Old migrants from E. Pakistan (i.e. those who came to India before 1-1-64) | 41.93 | |
| (iii) New migrants from E. Pakistan (i.e. those who came to India on or after 1-1-64) | 93.41 | |
| B. 18(6)—Total | .. | 522.69 |

Details

State governments can incur expenditure on relief schemes (such as expenditure on accommodation, food, clothing, doles, education in camps, medical and sanitation expenditure in camps etc.) according to scales laid down by the Department of Rehabilitation and can get re-imbursement from the centre. All relief expenditure and the cost of headquarters and other staff engaged for rehabilitation work are treated as non-plan.

Expenditure on rehabilitation schemes undertaken with the specific approval of the centre is reimbursed to the states by means of loans and grants. As regards classification of rehabilitation grants as plan or non-plan no clear criteria seem to have been adopted. For instance, development activities like construction of wells, tanks and roads in Panna district for resettlement of 600 families of new migrants from East Pakistan are treated as non-plan while some other development activities like dairy development and cattle breeding schemes in Betul and Hoshangabad districts in Madhya Pradesh for re-settlement of 80 families of new migrants from East Pakistan are treated as plan. During 1966-67, Rs. 159.36 lakhs have been allocated for rehabilitation plan grants.

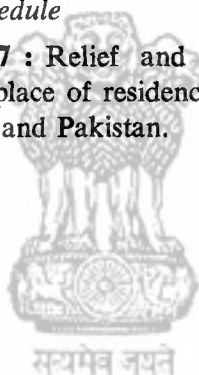
The problem of rehabilitating displaced persons who migrated to India prior to 1-4-58 remains only in the case of West Bengal. As a result of the discussions between the centre and the Government of West Bengal the funds required for the settlement of these migrants have been tentatively assessed at Rs. 21.9 crores, of which Rs. 14.7 crores are plan loans and Rs. 7.2 crores plan grants to the state government. The question of resolving this problem once for all is engaging the attention of the Department of Rehabilitation.

Observations

As expenditure of this type cannot be accurately forecast, the fourth Finance Commission rightly assumed that the states would continue to receive these grants.

Related Entry in Seventh Schedule

Concurrent List—Item 27 : Relief and rehabilitation of persons displaced from their original place of residence by reason of the setting up of the Dominions of India and Pakistan.



Appendix 13(2)

[See paragraph 4.16]

| | |
|---------------|---|
| <i>Scheme</i> | Relief to Displaced Goldsmiths and their Families. |
|---------------|---|

| | |
|--------------------------------|----------------------|
| <i>Administrative Ministry</i> | Ministry of Finance. |
|--------------------------------|----------------------|

| | |
|-------------------------------------|------------------------|
| <i>Budget Provision for 1966-67</i> | B-18(10)—Rs. 24,00,000 |
|-------------------------------------|------------------------|

Details

Following the introduction of gold control with effect from 10-1-1963, a comprehensive scheme of rehabilitation was drawn up for the different types of assistance to be given to displaced goldsmiths. The scheme is operated through the agency of state governments and union territory administrations. Central assistance for settlement in agriculture, education and technical training facilities is given as grants. The assistance given by states for settlement in industries and other productive occupations is covered by loans from the centre. The difference between the rate of interest charged by the centre and the rates at which loans are actually advanced to goldsmiths is subsidised. In addition, the centre bears 50% of the losses on account of non-recovery of loans. Further, expenses incurred by states up to 1½ per cent of the total of grants and loans are borne by the centre as cost of administration. The entire expenditure on relief and rehabilitation of goldsmiths is kept outside the central and state plans.

For schemes formulated within the framework already laid down by the centre, prior approval of the centre is not necessary. In other cases, the states obtain the centre's approval. States send monthly progress reports on the rehabilitation of goldsmiths.

Ex gratia payments are made in exceptional cases of distress among unemployed goldsmiths out of the specified amounts placed at the disposal of states every year. These payments are regulated by the rules governing disbursements from discretionary grants placed at the disposal of state ministers, subject to a maximum of Rs. 250 to a family.

Observations

There has been uncertainty about the magnitude of assistance on account of the various changes that have from time to time been made in the enforcement of gold control. For this reason, grants for the implementation of Gold Control Rules will have to continue until the extent of a state's liability can be forecast on a firm basis and provided for in the five-yearly assessment of non-plan needs.

Appendix 13(3)

[See paragraph 4.16]

*Scheme***Relief and Other Measures Necessitated by Hostilities.***Administrative Ministry*

Department of Rehabilitation.

Budget Provision for 1966-67

B-18(12)—Rs. 1,47,91,000

Purpose and Details

A Directorate General of Resettlement was set up under the Cabinet Secretariat for the formulation and implementation of schemes of rehabilitation in such of the areas in Punjab, Rajasthan and Jammu and Kashmir as were affected by the conflict with Pakistan in 1965. After the bulk of the rehabilitation work was completed the organisation was abolished and the residuary work was transferred to the Department of Rehabilitation on 1-7-1966.

Observation

As the expenditure is of an unforeseen nature, the grant is justified.



Appendix 13(4)

[See paragraph 4.16]

| | |
|-------------------------------------|---|
| <i>Scheme</i> | Assistance for Natural Calamities. |
| <i>Administrative Ministry</i> | Ministry of Finance. |
| <i>Budget Provision for 1966-67</i> | B-18(3)—Rs. 12,00,00,000 |

Purpose and Details

In 1950-51, the centre started assisting states in the matter of relief measures necessitated by natural calamities. A scheme of assistance was drawn up in 1955. To prevent states from including extraneous items under relief measures as also from unduly prolonging relief operations the scheme was revised in 1961. On-the-spot assessment by a central team of officers was introduced and gratuitous relief was allowed only till the commencement of the next major harvest. As the terms of assistance under the revised scheme were found to be somewhat rigorous, the scheme was further revised in September, 1966. Every Finance Commission (except the first) has been specifying the annual amount included in its expenditure estimates of each state for such relief measures.

The scheme in its present form specifies the various types of gratuitous relief and unproductive works that are eligible for central assistance. Expenditure, over and above the provision in the annual plan on schemes agreed to by the centre for irrigation, soil conservation etc., also qualifies for central assistance. A state government has to send a report to the centre as soon as it finds that the cost of relief measures is likely to exceed the margin fixed by the Finance Commission. After an on-the-spot assessment by a central team of officers the centre has to fix a ceiling on the total expenditure that it will share with the state. Subject to the ceiling the centre meets 75 per cent of the expenditure incurred in excess of the margin allowed by the Finance Commission, 50 per cent by way of grant and 25 per cent by way of loan. *Ad hoc* loans may also be given if the ways and means position of a state requires it.

Observations

The present scheme adequately provides for a realistic assessment of the needs of a state. Such grants are clearly justified.

Appendix 13(5&6)

[See paragraph 4.16]

Schemes

- (1) Development of Border Areas.**
- (2) Assistance for Transport and Handling Charges of Rice and Wheat in J&K.**

Administrative Ministry

Ministry of Home Affairs.

Budget Provision for 1966-67

- (1) B-18(5)—Rs. 65,00,000
- (2) B-18(7)(7)(3)—Rs. 8,00,000

Observations

These grants-in-aid are given in view of the special conditions obtaining in the border areas and the central assistance will have to continue.



Appendix 13(7)

[See paragraph 4.16]

| <i>Scheme</i> | Homes/Infirmaries and Outside Doles. |
|-------------------------------------|---|
| <i>Administrative Ministry</i> | Department of Social Welfare. |
| <i>Budget Provision for 1966-67</i> | B-4(3)(3)—Rs. 1,30,00,000 |
| <i>Details</i> | |

The grant is given to state governments as 100 per cent re-imbursement of expenditure on the following purposes :

- (i) to look after such of the displaced persons as cannot be rehabilitated immediately. This assistance continues until a displaced person or a member of his family is in a position to earn a living;
- (ii) to give equipment grants to the above displaced persons for purchase of cycles, sewing machines etc;
- (iii) to provide assistance to displaced persons from East Pakistan during the period between their dispersal from "homes" and the time they start earning. For example, agricultural labourers are given assistance until their first harvest.

The homes/infirmaries mainly accommodate "old" migrants. Where spare capacity is available, "new" migrants have also been accommodated. Homes for "new" migrants alone are financed by the Department of Rehabilitation.

Observations

Rehabilitation of refugees is a responsibility that has had to be assumed by the centre and this responsibility is being discharged in collaboration with state governments. While the homes and infirmaries are best administered by the state governments, the centre has to ensure by occasional inspections that all instructions are followed. Moreover expenditure of this type cannot be accurately forecast and hence the fourth Finance Commission rightly assumed that the states would continue to receive these grants.

Related Entry in Seventh Schedule

Concurrent List—Item 27 : Relief and rehabilitation of persons displaced from their original place of residence by reason of the setting up of the Dominions of India and Pakistan.

Appendix 14

[See paragraph 4.17]

GRANTS PAID ON ACCOUNT OF A COMMITMENT OR ASSURANCE

| Scheme | Amount |
|---|--------------|
| | Rs. |
| 1. Grants in lieu of tax on railway passenger fares | 16,25,00,000 |
| 2. Subsidy to Mysore Government | 7,50,000 |
| Total .. | 16,32,50,000 |



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Appendix 14(1)
[See paragraph 4.17]

| | |
|---------------|--|
| <i>Scheme</i> | Grants in lieu of Tax on Railway Passenger Fares. |
|---------------|--|

| | |
|-------------------------|-----------------------|
| Administrative Ministry | Ministry of Railways. |
|-------------------------|-----------------------|

| | |
|------------------------------|--------------------------|
| Budget Provision for 1966-67 | B-18(1)—Rs. 16,25,00,000 |
|------------------------------|--------------------------|

Purpose

To compensate the states for the loss of their shares of passenger fare tax due to its merger with passenger fare.

Details

The proceeds of the tax imposed under the Railway Passenger Fares Act, 1957, were being distributed among states on the basis of the recommendations of the Finance Commission. When the Act was repealed in 1961 and the tax merged in the basic fares the Union Government decided to make an *ad hoc* grant to the states for a period of five years @ Rs. 12.50 crores per annum. From 1966-67 the grant has been increased to Rs. 16.25 crores per annum. The distribution of the grant among the states is in accordance with the recommendations of the Finance Commission.

Observation

Please see paragraph 4.17.

Related Provisions in the Constitution

Article 269(1) : The following duties and taxes shall be levied and collected by the Government of India but shall be assigned to the States in the manner provided in clause (2) namely:—

| | | | | |
|---|---|---|---|---|
| x | x | x | x | x |
|---|---|---|---|---|

(d) taxes on railway fares and freights.

| | | | | |
|---|---|---|---|---|
| x | x | x | x | x |
|---|---|---|---|---|

Union List—Item 89 : Terminal taxes on goods or passengers, carried by railway, sea or air; taxes on railway fares and freights.

Appendix 14(2)

[See paragraph 4.17]

Scheme**Subsidy to Mysore Government.*****Administrative Ministry***

Ministry of Finance.

Budget Provision for 1966-67.

B-18(7)(7)(2)—Rs. 7,50,000

Purpose

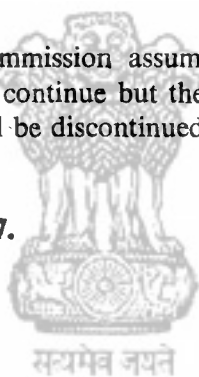
To cover the tax on the consumption of electricity by the Kolar Gold Mining Undertaking which the Government of Mysore was unable to impose after the taking over of the undertaking by the centre in December, 1962.

Details

The fourth Finance Commission assumed that certain specified grants from the centre would continue but the above grant was not one of them. Hence, the grant will be discontinued from 1967-68.

Observation

Please see paragraph 4.17.



Appendix 15

[See paragraphs 4.18 & 4.19]

| | |
|--------------------------------------|------------------------------|
| <i>Scheme</i> | Railway Safety Works. |
| <i>Administrative Ministry</i> | Ministry of Railways. |
| <i>Budget Provision for 1966-67.</i> | B-18(2)—Rs. 1,42,11,000 |

Details

Under the Indian Railways Act, 1890, the Railway Administration is liable to provide such accommodation works like a road over or under a bridge, level crossings etc. as may be found necessary to make good (a) interruptions to road communication caused by construction of new lines, and (b) any deficiency or insufficiency of such works arising within ten years of the opening of a railway line. Further, under the Railways Act, the Central Government can require the Railway Administration to carry out, at its own cost works necessary for the public safety. If such a safety work relates to a level crossing the Central Government can however require the local authority which maintains the road to pay the whole or part of the cost of the work. In practice, the Railway Board acting in its capacity of Central Government issues such directions after considering the recommendations of the Railway Inspectorate, an organisation under the Ministry of Tourism and Civil Aviation.

The Railway Administration has held that it cannot assume indefinitely the ever-increasing financial liability arising out of industrial development and the consequential increase in road traffic the benefits of which are also shared by road and state authorities. The cost of safety works at a level crossing should be borne by the state concerned, fully or partly according as the works have been necessitated by an increase in road traffic alone or in both rail and road traffic as the case may be. In the latter case, the state's share of the cost is worked out according to certain prescribed rules. But the Railway Administration has had to enter into protracted correspondence with states over such safety works, the delay being mainly due to the disinclination of states to shoulder the financial burden involved. The construction of safety works, particularly over and under bridges, was very slow. It was therefore decided to assist the states to meet their share of the cost of safety works.

On the recommendations of the Railway Convention Committee 1965, the Railways now pay an increased rate of dividend to the general revenues. A part of this increased dividend is passed on to

the states as payment in lieu of passenger fare tax and the balance is credited to a Railway Safety Works Fund. The amount credited to the Fund each year is allocated to the states in the same proportion as their shares of the payment in lieu of passenger fare tax. A state's share of the expenditure incurred on safety works will be reimbursed to it as a grant upto the limit of the amount standing to its credit in the Fund.

Recommendation

Please see paragraph 4.19.



Appendix 16

[See paragraphs 4.20 & 4.21]

| | |
|-------------------------------------|------------------------------------|
| <i>Scheme</i> | Central Road Fund Grants. |
| <i>Administrative Ministry</i> | Ministry of Transport and Shipping |
| <i>Budget Provision for 1966-67</i> | B-15(1)—Rs. 3,92,30,000 |
| <i>Purpose</i> | Road Development. |

Details

By a special resolution of the central legislature on the basis of the recommendations of the Indian Road Development Committee, the Central Road Fund was created in 1929 from the proceeds of certain extra duties of customs and excise on motor spirit. The Central Road Fund Resolution has been amended from time to time, the latest amendment being by Parliament in April, 1950.

A part of the Fund is treated as a Central (Ordinary) Reserve and is utilised for (a) defraying the cost of administering the Fund, (b) on schemes of research, intelligence and special inquiries and (c) on special grants to states for road schemes, particularly those which benefit more than one state. Special consideration is given to schemes which are designed to open up new country and thus benefit more than one state. The grants to states from this reserve are on a matching basis and ordinarily limited to 50 per cent of the total cost, the balance being provided by the state governments from their own resources including their allocations from the Fund. Technical approval and financial sanction is issued by the centre in the case of important schemes.

The remaining fund is allocated to states and union territories on the basis of the consumption of motor spirit and the realisation of tax on vehicles. The allocations made to states are utilised for road development schemes in the state plans [including the schemes financed partly from the Central (Ordinary) Reserve with the prior approval of the Government of India. The approval is for the programme as a whole for a particular state and not for the estimates of individual works.

The fund has also a Special Reserve as distinct from the Ordinary Reserve into which are credited contributions from sources outside the Road Fund for Financing particular road projects.

Recommendation

Please see paragraph 4.21.

Related Entries in Seventh Schedule

State List—Item 13 : Communications, that is to say, roads, bridges, ferries, and other means of communication not specified in List I;

Union List—Item 23 : Highways declared by or under law made by Parliament to be national highways.



Appendix 17

(See paragraph 6.8)

DISCUSSIONS ON VARIOUS IMPORTANT ISSUES RELATING TO THE THIRD AND FOURTH FIVE YEAR PLANS IN THE MEETINGS OF THE NATIONAL DEVELOPMENT COUNCIL**Third Five
Year Plan**

To help the Planning Commission arrive at the figure of the outlay and taxation for the Third Five Year Plan the following questions on the availability of resources were specifically placed before the National Development Council (NDC) so that, in accordance with line of action indicated by the Chief Ministers, the Commission could allocate tentatively the resources for various programmes included in the Third Five Year Plan:—

- “(i) what steps can be taken to increase resources available from the rural sector? Thus, how far can land revenue be stepped up, the increased resources being made available for local development? In this connection what additional obligations to finance programmes within their jurisdiction be placed on the local bodies in view of the larger resources made available to them?
- (ii) could the taxation of agricultural income be placed on a uniform basis with the taxation of income in general and the two forms of taxation aggregated and dealt with by the same agency?
- (iii) in what directions would it be advantageous to extend centrally levied excises in place of state taxation?
- (iv) what specific steps should be taken to see that the maximum returns feasible are secured from irrigation and power projects, road transport undertakings and other public utilities which are operated by government?
- (v) in the context of state trading and the setting up of co-operatives and panchayats, would it now be desirable to collect land revenue and irrigation rates in kind rather than in cash?
- (vi) should schemes of compulsory savings be introduced? If so, on what lines?”

Constructive comment came from the Finance Minister Madras (and substantially only from him among the representatives of the states). He stated that by transferring the responsibility to local authorities various items *e.g.*, elementary education, drinking water supplies and the like and by promising matching grants the community could be given an inducement to make efforts for meeting its own immediate needs. The financial burden on the state governments would be lightened somewhat (by passing it on, by implication, to the local bodies). Local bodies in such a procedure would be in a better psychological position to raise resources as instead of raising taxes from a community in a particular area and telling it that the benefits would accrue to it on account of overall national development, the community would generally be enabled to see clearly for itself the tangible resources which its own contribution was able to produce in its own locality. Land reforms and state trading in foodgrains could also be regarded as an avenue worth exploring in the matter of resources. Yet another way of raising resources from the rural sector would be the utilisation of idle manpower, *e.g.*, *panchayats* could be given powers to levy a labour tax of 10 to 15 days work taking the family as a unit. The kind of local development works to which this labour could be put had to be thought out in detail with reference to the situation prevailing in each state and within each state in different areas and regions. If for some reason the family was unable to contribute its tax in the form of labour it should be open to it to pay the tax in cash. The West Bengal Chief Minister agreed with various possible approaches mentioned by the Finance Minister, Madras in regard to their mobilisation.

2. The record does not contain much discussion thereafter on the precise and detailed issues posed to the Council in regard to the resources. It does however say that "the Council considered the question of mobilising larger resources within the rural sector and suggested that the following possibilities should be investigated by the Planning Commission and the States:—

- I. (i) the responsibilities for certain existing services may be transferred to local authorities with the requisite financial provisions, resources for further development being raised by the local authorities on a matching basis, as has been recently done in the Madras State;

- (ii) measures for (a) increase of land revenue, (b) progressive surcharges on land revenue and (c) levy of special cesses or surcharges on lands growing commercial crops;
 - (iii) extending schemes for insurance in rural areas, *e.g.*, life insurance, crop insurance, cattle insurance, etc.
- II. it was agreed in principle that it would be desirable to place agricultural income tax and the taxation of income in general on a uniform basis, income in these categories being aggregated. The details of the proposal should be worked out having regard to the existing system of land taxation, including payment of land revenue and other dues, and the provisions of the Constitution;
 - III. it was suggested that the scope for enlarging the system of centrally-levied excises in place of sales taxes should be studied further;
 - IV. it was agreed in principle that the maximum economic returns should be secured from irrigation and power projects, road transport undertakings and other enterprises which were operated by the Central or state governments and suitable proposals worked out;
 - V. the Council considered whether land revenue and irrigation cesses should be collected in kind instead of in cash. The consensus of opinion was that the proposal would present many difficulties;
 - VI. the Council accepted the desirability of extending the scope of provident funds, life insurance and other forms of savings, including examination of the directions in which the scheme could be made universal. In working out details, special attention should be given to the advantages which local areas and the individuals or groups contributing might derive from the schemes. The results of the studies should be placed before the National Development Council."

3. When the Memorandum on the Third Plan was submitted to the NDC in March 1960, there was no specific discussion on these questions which were posed at the earlier stage. However, the Finance Minister of Madras felt that the figure of Rs. 200 crores shown in the paper as resources which would be available from current revenues at the existing level of taxation was not a realistic figure. The Deputy Chairman said that a detailed discussion of the manner in which resources could be raised would take place separately at the official level. There was a general discussion (details not available) on betterment levies, surcharges on land revenue and provident fund at the end of which the Chairman stated that he took it that the proposals in the resources paper had been tentatively accepted by the Council.

4. At the time of the submission of the draft outline on the Third Plan to the NDC in September 1960 there was not much discussion on these questions. The Chief Minister, Rajasthan said that it was desirable that a uniform policy for the entire country should be evolved with regard to the betterment levy. He also pointed out that the question of replacement of sales tax by central excise on some of the commodities which were subject to sales tax in the states should be pursued since it would lead to increased revenue for the states. The Chief Minister, West Bengal said that it would not be possible for the states to make adjustments with reference to local conditions if the sales tax was replaced by the excise duties. The Chief Minister, Maharashtra pointed out that the replacement of sales tax by excise duty would amount to the states surrendering their inherent power with regard to taxation. Moreover, in the absence of figures relating to consumption it would not be possible to distribute proceeds of new excise duties on a scientific basis. No resolution was issued at the end of the meeting.

5. In the Draft Outline the estimate of resources for the public sector was indicated at Rs. 7,250 crores. Later, in the light of the discussions with the state governments, the round estimate of Rs. 7,500 crores was submitted to the NDC in January, 1961. The Finance Minister, Madras suggested the appointment of a small committee which would go into the problems of savings and make recommendations to the Council. This was accepted by the Council and the Committee was appointed.

6. The final draft of the Third Plan was placed before the NDC in May, 1961. There was a general discussion on the conclusions arrived at by the members of the Savings Committee. The Finance Minister, Madras said that it was possible to achieve a target of Rs. 8,000 crores required for the physical plan. These views were also shared by the Chief Minister of Uttar Pradesh. There was a general discussion on the target of resources—whether it should be Rs. 7,500 crores or Rs. 8,000 crores—but no itemised discussion ensued as to how it would be achieved.

Fourth Five
Year Plan

7. The papers submitted to the National Development Council by the Planning Commission in regard to the Fourth Five Year Plan, were also considered by the Council normally in a general manner. The NDC was presented as follows with twelve main points in the Memorandum submitted to it by the Planning Commission for consideration in its meeting held on October 27-28, 1964:—

- (1) views regarding basic objectives;
- (2) acceptance of certain policy measures for maintaining prices on an even keel;
- (3) views regarding size and range of investment and creation of conditions under which the upper range is realised;
- (4) reactions regarding sectoral priorities;
- (5) reactions regarding pattern of central assistance;
- (6) acceptance of responsibility for resources mobilisation;
- (7) views on harnessing local contribution for supporting a large scale programme of rural works geared to creating amenities and productive assets and thereby removing the backlog of unemployment;
- (8) determination to attain 5 per cent increase in agricultural production;
- (9) concerted campaign for family planning;
- (10) backward areas development to be interwoven into general programmes of development;

- (11) mobilisation of local resources for rural works and rural amenities programme; and
- (12) improvements in administration and plan implementation.

8. The Council did not examine these points *seriatim*. Much of the discussion was general. For example, while two Chief Ministers expressed general agreement with the size of the plan and two others preferred to leave it to the Prime Minister to decide, other Chief Ministers did not offer any comments on the total outlay of the plan. Ultimately, according to the summary record, the Council offered concrete suggestions on 6 of these 12 points, namely Nos. 1, 3 to 6 and 10. There were no conclusions on others.

9. Further, while the Chief Ministers of states agreed with the importance given to agriculture it was felt by them that as compared to the Third Plan the step up of outlays on power, major irrigation projects and transport was likely to prove insufficient. There was some doubt whether it would be possible for the states to provide for as large an increase in the allocation for social services as had been envisaged in the Memorandum. In the field of social services, it was suggested by the NDC that priority should be accorded to family planning, technical education and supply of drinking water, both in rural and in urban areas. These suggestions of the NDC were only partly incorporated by the Planning Commission in the subsequent document "Fourth Five Year Plan—Resources, Outlays and Programmes" submitted by the Planning Commission to the NDC. High priority was accorded to family planning, drinking water supply and technical education but the outlays for transport, major irrigation and power were not increased. Later on, in the Draft Outline, the allocations for industry, transport and power were enhanced as these sectors had large requirements of foreign exchange and as prices had gone up substantially in rupee terms on account of devaluation.

10. Similarly, while discussing the priorities given to various sectors in the Memorandum, one Chief Minister

observed that in the Fourth Plan the centre had reserved a much larger share in the sector coming within the domain of the state plans. The expansion of centrally sponsored schemes would, she thought, create difficulties for the state governments. The bases of classification of plan schemes as centrally sponsored, centrally aided and state plan schemes were accordingly examined by the Planning Commission in consultation with the central ministries and the state governments. A committee was appointed by the NDC for looking into the justification for the inclusion of major schemes proposed for the centrally sponsored sector. Schemes worth Rs. 386 crores were proposed to be transferred to the state sector and schemes worth Rs. 578 crores were proposed to be retained as centrally sponsored. While agreeing to the proposed transfer the Committee decided in its meeting held on 9-12-66 that the schemes which were proposed to be retained should be further discussed with the central ministries in the light of the suggestions made by the states' ministers with a view to transferring to the state sector some more schemes. It was also decided that this subject would not be brought up again before the Committee and that a final view (presumably on the remaining schemes worth Rs. 578 crores) would be taken by the Planning Commission. The list of centrally sponsored schemes finally communicated by the Planning Commission to the state governments, however, included some schemes which the Committee had decided to transfer to the state sector. The decision of the Committee of the NDC was thus not fully adhered to by the Planning Commission which gave different decisions after holding consultations with the Union ministries concerned.

Appendix 18

(See paragraph 6.10)

CASE STUDY ON THE MEETINGS OF THE NATIONAL DEVELOPMENT COUNCIL HELD FROM 1960 TO 1966

| Date of the meeting | Subjects for discussion | Date of circulation of Working Paper(s) |
|--------------------------------------|--|---|
| 19/20-3-60 (14th Meeting) | Memorandum on the Third Five Year Plan | 7-3-60, 8-3-60 and 9-3-60 |
| 17-4-60 (15th Meeting) | Price Policy for the Third Plan | 7-4-60 & 9-4-60 |
| | Suggestions of state governments regarding price policy for the Third Plan | |
| 12/13-9-60 (16th Meeting) | Consideration of the Draft Outline of the Third Five Year Plan | 6-9-60, 10-9-60 and 11-9-60. |
| | Determination of outlays for states for the Third Five Year Plan | |
| 13/14-1-61 (17th Meeting) | Outlay in the Third Five Year Plan—centre and states .. | 31-12-60 |
| | Allocations, targets and priorities in the plans of states— a provisional appraisal | 2-1-61 |
| | Agricultural production in the Third Plan | 7-1-61 |
| | Employment aspects of the Third Plan | 6-1-61 |
| | Background note on financial resources of the states for Third Plan | 6-1-61 |
| | Cooperation Department's note on cooperative development during the Third Plan | 8-1-61. |
| 31-5-61 and 1-6-61 (18th Meeting) | Draft Report on Third Five Year Plan (Chapters I to XXXIII) | 17, 18, 19, 20, 21, 25, 26, 27, 28 & 30-5-61. |
| | Note on ways and means position of state governments (Prepared by the Ministry of Finance, Department of Economic Affairs) | 30-5-61 |
| 4/5-11-62 (19th Meeting) | Reorientation of development in the states in view of the emergency | 1-11-62 |
| | Proposals relating to prices of essential commodities .. | 1-11-62 |
| | Paper on setting up of a Central War Manpower Board (for information) | 3-11-62 |
| | Peoples' participation in the national effort | 3-11-62 |
| 8/9-11-63 (20th Meeting) | The Third Plan—Mid-term Appraisal | 23-10-63 |
| | Progress of land reforms | 23-10-63 |
| | Arrangements for the preparation of the Fourth Plan .. | 28-10-63 |
| 27/28-10-64 (21st Meeting) | Memorandum on the Fourth Plan | 14-10-64 |
| | Main issues for consideration | 19-10-64 |
| 5/6-9-65 (22nd Meeting) | Recommendations of the NDC committees | 16-7-65, 23-7-65 and 26-8-65 and 30-8-65. |
| | Fourth Five Year Plan—Resources, outlays and programmes | 29-8-65 |
| | Export programme for the Fourth Plan | 1-9-65 |
| 20/21-8-66 (23rd Meeting) | Draft Outline of the Fourth Plan (Chapters sent on 11-8-66 and 12-8-66) | 13-8-66 |
| | Paper reviewing progress of implementation of land reforms | 18-8-66 |
| | Determination of principles of allocation of central assistance to states in Fourth Plan | 19-8-66 |

Appendix 19

(See paragraph 7.6)

AN ANALYSIS OF ASSISTED AND UNASSISTED SCHEMES IN THE THIRD FIVE YEAR PLAN OF PUNJAB UNDER THE SUB-HEAD "EDUCATION"

The draft Third Five Year Plan of Punjab for "general education" was of the order of Rs. 30.7 crores. In the plan as finally accepted the amount was reduced to Rs. 17.77 crores. The comparative composition of the two sets of figures was as follows:—

| (Rs. in lakhs) | | | | | | | |
|-----------------------------|------------------------------------|-----------------------|---------------------|-----------------------------|------------------------------------|-----------------------|---------------------|
| (1) | | | | (2) | | | |
| Draft Plan (3064) | | | | Final Plan (1777) | | | |
| High pattern schemes (100%) | Other pattern schemes (50% to 75%) | Total pattern schemes | Non-pattern schemes | High pattern schemes (100%) | Other pattern schemes (50% to 75%) | Total pattern schemes | Non-pattern schemes |
| 116 | 1810 | 1926 | 1138 | 64 | 1116 | 1180 | 597 |

It will be seen that in the original formulation itself pattern bearing schemes formed 63% of the state plan in this sector while schemes to which no patterns were attached formed 37% of the total. When the plan had to be slashed there was a reduction in the non-pattern schemes to the extent of 48% while the pattern schemes suffered a cut of 39%. Thus the unassisted portion suffered a heavier cut.

2. Many of the unassisted schemes given up or slashed had a high priority but were given up in favour of assisted schemes. Some of these priority schemes were:—

| | |
|---|--|
| (i) establishment of additional primary schools at Chandigarh | Rs. 7.87 lakhs (abandoned) |
| (ii) upgrading of middle schools to high schools | Rs. 79.11 lakhs (abandoned) |
| (iii) introduction of craft in middle schools | Rs. 59.00 lakhs (slashed) |
| (iv) additional contingent grants for equipment for secondary schools | Rs. 66.00 lakhs (slashed) |
| (v) social education | Rs. 36.29 lakhs (abandoned) |
| (vi) orientation of inspection staff | Rs. 0.50 lakhs (abandoned) |
| (vii) strengthening of science teaching in elementary schools | Rs. 1.00 lakhs (abandoned) |
| (viii) setting up of 2700 school gardens | Rs. 27.00 lakhs (abandoned) |
| Schemes Nos. (i), (ii), (iii) and (iv) had a particularly high priority in the draft plan and, in any case, all these schemes had, in the opinion of the state, a higher priority than the following sample of assisted schemes eventually included:— | |
| (i) residential quarters for women teachers in rural areas | Rs. 5.00 lakhs (100%) (the quarters have remained unoccupied) |
| (ii) hostels for girls in secondary schools | Rs. 15.20 lakhs (100%) (suffered no cut from the original size) |
| (iii) provision of lavatories and drinking water facilities | Rs. 7.50 lakhs (100%) (increased from Rs. 3.75 lakhs) |
| (iv) milk feeding programme | Rs. 20.00 lakhs (66.2/3%) (this provision was made at the last stage). |

Appendix 20

(See paragraph 7.6)

AN ANALYSIS OF ASSISTED AND UNASSISTED SCHEMES IN THE THIRD FIVE YEAR PLAN OF MADRAS UNDER THE SUB-HEAD "AGRICULTURE"

The draft Third Five Year Plan of Madras for "agriculture" was of the order of Rs. 46.75 crores which included pattern and non-pattern schemes as under:—

Pattern bearing schemes Rs. 40.75 crores

Non-pattern bearing schemes Rs. 6.00 crores

The total outlay had to be cut down by Rs. 10 crores approximately to Rs. 36.98 crores. To the extent approximately of Rs. 8 crores the reduction was spread over a number of schemes. To the extent of Rs. 2.23 crores schemes were wholly dropped as follows:—

| | No. | Amount |
|-----------------------------|-----|------------------|
| Non-pattern bearing | 15 | Rs. 138.50 lakhs |
| Pattern bearing | 3 | Rs. 85.00 lakhs |
| Total .. | | Rs. 223.50 lakhs |

Thus the incidence of elimination was much greater on unassisted schemes than on assisted schemes, though the former even in the original formulation formed only a small proportion of the plan. Later some unassisted schemes totalling Rs. 27.5 lakhs were again added. Thus elimination of the unassisted schemes was of the order of Rs. 1.11 crores while that of assisted schemes was Rs. 85 lakhs.

Among the unassisted schemes abandoned the following had high priority:—

- (i) establishment of a cattle farm for jersey;
- (ii) sheep and wool research institute;
- (iii) sheep breeding through co-operative societies in block areas;
- (iv) poultry development through co-operative societies;
- (v) improvement of milk supply in urban areas and
- (vi) establishment of fodder farms.

As against this, the following assisted schemes were included although the State Government had accorded them a lower priority:—

- (i) lac development;
- (ii) mass castration of scrub bulls;
- (iii) improvement of slaughter houses;
- (iv) ICAR schemes;
- (v) training of personnel;
- (vi) rural dairy extension service, and
- (vii) survey of statistics and research.

The incidence of curtailment of outlays was, in the main, on assisted schemes. Considering, however, the small outlay on them, there was little scope of reducing it on unassisted schemes.



Appendix 21

(See paragraphs 7.7 and 7.9)

CASE STUDY OF A CENTRALLY ASSISTED SCHEME : LIBERALISATION OF PATTERN OF ASSISTANCE FOR PUMP SETS

The Secretary, Department of Agriculture stated that ^{Origin of the proposal} direct pumping from streams and rivers could bring substantial acreage in the rabi programme and summer programmes. All attempts should be made to mobilise available diesel pumps in the states for this purpose and use them effectively, wherever such water was available. Cultivators generally responded to the scheme of fifty per cent subsidy for the running of the pump. As a special drive the subsidy scheme may be maintained. It may be possible also to mobilise all available pumps with the manufacturers and use them in departmental schemes for the utilisation of pumps. The details would have to be determined in consultation with the states. Loans may have to be given to the states for the purchase of the pumps. The schemes could be approved in principle.

The Irrigation Adviser worked out the total requirements ^{Further developments} as under:—

- (i) loans to meet the initial cost of pumpsets and their installation—Rs. 45 lakhs, and
- (ii) subsidy to cover 50% of the working expenses—Rs. 3.5 lakhs per annum.

The proposal was sent to the Planning Commission.

While the Planning Commission had no objection to the scheme in principle they stated that the existing pattern of assistance for minor irrigation schemes including pumpsets was 25% grants and 75% loans as against 50% subsidy on the running cost proposed by the Ministry. The proposal was thus not in accordance with the approved pattern. Besides it would not be desirable to have two patterns of assistance for the same programme. It was also most unlikely that the state governments would accept the programme on these terms as pumpsets would have to be operated for a number of years or be sold at secondhand prices. In either case the state

government would stand to lose substantially more than the proposed subsidy. There were also practical difficulties in granting a subsidy on the basis of running cost. It would, therefore, be better to encourage private individuals or their co-operatives to take up this programme and to provide the loan and subsidy for the same. It was therefore, suggested that this scheme may also be sanctioned on the existing pattern primarily in the private or co-operative sector.

On reconsideration the Department of Agriculture suggested that a subsidy of 33½ per cent should be allowed on the purchase of pumpsets and that no subsidy may be given for their operation. This would be shared equally between the centre and the states wherever pumpsets were installed by the cooperatives, panchayats or the farmers. In case the state governments undertook the scheme directly a subsidy of 20 per cent should be available. This was also approved by the Secretary, Agriculture.

The Planning Commission suggested that it would not be desirable or feasible to change the pattern of assistance in respect of only these pumpsets unless they were installed in the public sector. In case the rate of subsidy was raised to 33½ per cent in respect of all pumps installed by the state governments, co-operatives or private individuals the number purchased would be much more, say, perhaps, 40 to 50 thousand pumpsets in the year. It would be difficult to distinguish between the pumpsets purchased during the same year. Under the circumstances the most appropriate course would seem to be to restrict the liberalisation of the pattern of assistance only to the pumpsets installed by the state governments.

Meanwhile the Finance Minister in a meeting of Chief Ministers held to discuss the position regarding supplies of materials and equipment for agricultural production had observed that there were serious administrative difficulties in giving such subsidies. He said that he would be prepared to raise to 50 per cent the existing rate of subsidy on diesel engines of 5 HP or less used for agricultural purposes. In respect of diesel engines of higher HP used for agricultural purposes the possibility of lower graduated rates of subsidy would be

examined. In cases where diesel engines of more than 5 HP were purchased by the state governments for use as agricultural pumpsets in projects directly implemented by them or for community purposes, the centre would be prepared to share 50 per cent of the cost of purchase.

Taking the above into consideration a sliding scale of subsidy was proposed by the Department of Agriculture in consultation with their technical officers and with the approval of Secretary as under:—

upto 10 HP—50 per cent

more than 10 HP upto 20 HP—37.5 per cent

more than 20 HP—25 per cent.

It was also proposed that the above scales of subsidy be extended to petrol/kerosene oil engines. It was further proposed that on diesel-run lift irrigation schemes operated by the state governments themselves 50 per cent subsidy on the recurring expenses may be shared 50 : 50 basis between the state governments and the Government of India. This proposal was sent to the Ministry of Finance (Department of Co-ordination) and a copy was also sent to the Planning Commission.

The proposal was thereafter modified to the effect that since the state governments sustained recurring losses in the operations and maintenance of diesel pumpsets 50 per cent of the net loss suffered by the state governments in operation and maintenance may be shared by the Government of India.

The Department of Coordination accepted the proposal, slightly modified, as follows:—

for engines below 5 HP—50%

for engines between 5 and 10 HP—37.5%

above 10 HP—25%.

The subsidy would be shared between the centre and the states. The proposal that a subsidy should be granted for petrol/kerosene oil engines was not accepted by them.

The sanction was issued conveying the approval to the liberalisation of assistance by the Department of Agriculture after showing the case to the Associated Finance.

The case study brings to light the following features:—

- (1) it took about 5 months to finalise the pattern of assistance: the Planning Commission and the Department of Co-ordination were consulted in between;
- (2) as this was a state plan scheme and the total central assistance was payable in accordance with the usual procedure (*i.e.* in accordance with the ceiling fixed for the head of development irrespective of the pattern of assistance of individual schemes) the state governments did not gain any additional assistance on account of this proposal;
- (3) the only gainers were actual consumers. Whether consumers in all states needed this order of assistance was not gone into; and
- (4) the proposal required horizontal co-ordination among four bodies: the Ministry of Agriculture, the Planning Commission, the Ministry of Finance and to a limited extent, the state governments (in the form of a meeting) excluding Associated Finance, which would raise the number to five. In each of these bodies (except the meeting of the Chief Ministers) the case presumably underwent considerable vertical movement.

Appendix 22

(See paragraph 7.7)

CASE STUDY OF A STATE PLAN SCHEME—SETTING UP OF AGRICULTURAL COLLEGES

Schemes undertaken by the states of Maharashtra and Rajasthan during the Third Plan period were studied with particular reference to the scrutiny of the state five year plans. Provisions for the schemes and the progress of expenditure (including universities) have been shown in the annexure.

Investigations and surveys—Steps taken to expand agricultural education upto and during the First Plan period were inadequate. In 1955, the I.C.A.R. made a review of trained personnel in the field of agriculture. In March 1957, the Planning Commission appointed an agricultural personnel committee to assess the requirements of agricultural personnel during the Third Plan period. In October 1959, an inspection team on post-graduate education was constituted. The team recommended, apart from other things, minimum standards which an agricultural college must conform to for getting central assistance. The I.C.A.R. communicated these standards to the states in July 1961 with the request that as far as practicable, the colleges should conform to these standards.

The first and second Indo-American teams also made a number of recommendations in 1954 and 1959-60 in regard to agricultural education.

Scrutiny of the schemes—The states prepared their schemes mainly based on the conclusions of the committees mentioned above.

(i) *Scrutiny at base level—Education Wing of the I.C.A.R.*

The scrutiny was done by the Assistant, Section Officer and Under Secretary. As regards Maharashtra, the provision proposed was opposed on the ground that that state already had a sufficient number of agricultural colleges and that there was also scope for expansion of the existing colleges. As regards Rajasthan, the provision proposed was agreed to except for the agricultural university (for which a token provision of Rs. 1 lakh was agreed to on the ground that the scheme for the setting up of agricultural universities was still to be examined from an all-India point of view by the I.C.A.R. and the Planning Commission).

(ii) Working Group on Agriculture:

An under secretary from the I.C.A.R. attended the meeting. The provision proposed by the Government of Maharashtra was reduced despite stiff resistance by the State Government, Rajasthan Government agreed to the reduction.

The provisions proposed by the state governments and those agreed to by the Working Group are indicated in the annexure.

Nevertheless, the Maharashtra State Third Five Year Plan provided for Rs. 199.48 lakhs as against Rs. 176.80 lakhs provided in the draft plan and Rs. 126.80 lakhs agreed to by the Working Group.

Annual Plans—The draft annual plan 1965-66 for Maharashtra was agreed to by the Education Wing of the I.C.A.R. However, in the sub-group meeting on “agriculture” the State Government brought up two advance action schemes which were also agreed to in the absence of the representative of I.C.A.R. On receipt of the minutes of the meeting of the sub-group, the I.C.A.R. opposed the inclusion of these two schemes on grounds similar to those advanced while discussing the five year plan. Approval of the Directorate of Economics and Statistics, the Planning Commission and the Food and Agriculture Ministry to this line of thinking was obtained and the State Government informed of this decision. After about 5 months, the State Government replied that these schemes had already been undertaken. The State Government disagreed with the I.C.A.R. and offered counter arguments. The I.C.A.R. did not agree with the views expressed by the State Government and started collecting statistics of the unemployed agricultural graduates. The figures collected were, however, unreliable and the matter was not pursued with the State Government.

Similarly, a proposal came from Chief Minister, Punjab for the establishment of an agricultural college at Kangra. However, the I.C.A.R. agreed to the establishment only of a junior college at Kangra and opposed the proposal of the Chief Minister mainly on the ground that the existing colleges in Punjab, Simla and Srinagar could cater to the needs, if necessary, by expansion.

Conclusions

1. The scrutiny of the schemes was mostly done by non-technical staff.
2. The Working Group on Agriculture (Min. of Food and Agriculture) reduced the outlay proposed by the state governments mainly on account of the financial ceilings communicated by the Planning Commission and despite the disagreement of the state representatives.

3. In disregard of the conclusions of the Working Group, one state government made an enhanced provision in the revised plan which was even more than the outlay proposed in the draft plan. The Planning Commission and the administrative ministry could not prevent the enhanced provision.

4. Despite objections from the technical officer, the I.C.A.R. did not raise any objection to the enhanced provision. The enhanced provision was agreed to in the I.C.A.R.

5. In spite of opposition from the Government of India, Maharashtra went ahead with the opening of agricultural colleges and the Ministry of Food and Agriculture could not dissuade the State Government from following this course. As the states get assistance according to the head of development the State Government presumably did get the necessary assistance because they would have included the expenditure incurred on these schemes in the overall expenditure under "agricultural production" and got assistance from the centre under that head.



THIRD FIVE YEAR PLAN

Head of development: *Agricultural production*

Name of the scheme: *Agricultural education*

| Name of the state and details of scheme | Provision proposed by the state government | Provision recommended by the Working Group on Agriculture | Third Plan provision | Actuals 1961-62 to 1964-65 | Anticipated expenditure 1965-66 | Total 3rd Plan |
|---|--|---|----------------------|----------------------------|---------------------------------|----------------|
| | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs |
| 1. Maharashtra | | | | | | |
| (i) Agricultural university .. | .. | .. | .. | .. | 0.38 | 0.38 |
| (ii) Agricultural colleges— | | | | | | |
| (a) Expansion and improvement .. | 126.80 | 126.80 | 199.48 | 125.31 | 36.93 | 162.24 |
| (b) New establishment .. | 50.00 | | | | | |
| Total .. | 176.80 | 126.80 | 199.48 | 125.31 | 37.31 | 162.62 |
| 2. Rajasthan | | | | | | |
| (i) Agricultural university .. | 40.00 | 1.00 | 1.00 | | | |
| (ii) Agricultural colleges— | | | | | | |
| (a) Expansion and improvement .. | 45.30 | 45.30 | 45.30 | 51.92 | 21.81 | 73.73 |
| (b) New establishment .. | 14.70 | 14.70 | 14.70 | | | |
| Total .. | 100.00 | 61.00 | 61.00 | 51.92 | 21.81 | 73.73 |

Appendix 23

(See paragraph 7.14)

DRILL PROPOSED IN THE MATTER OF TYING CENTRAL GRANTS TO CRUCIAL PROGRAMMES IN THE STATE SECTOR

1. The Planning Commission will scrutinise the crucial programmes proposed by each of the ministries concerned soon after the finalisation of the outline of a five year plan. These programmes will be within the framework of the outline but in each sub-head of development tentative break-up state-wise will be indicated and targets to be achieved in each sub-head will be evolved. These will be highly selective.

2. The tentative conclusion arrived at will be communicated to the state concerned who will be asked by the Planning Commission to get the proposals considered first by the sectoral working groups, who will be required to discuss the matter with their counterparts at the centre and thereafter the state planning boards will form their view in each case.

3. The proposals as emerging from the state governments will be considered bilaterally between the Planning Commission and the state representatives. Representatives of the ministries concerned will also join this discussion. In this meeting the targets as well as tentative year-wise break-up will be settled in respect of each state. If a state fails to convince the centre, the final word will be with the centre.

4. The final state plan will be so framed as to include all the programmes settled for tying. Schemes falling within the approved programmes shall be approved along with the approval of the five year plan. There will be a uniform pattern of central assistance in the tied programmes equivalent to the proportion which the total central assistance for the whole plan bears to the total size.

5. The ways and means advances will be given separately for the tied portions and separately for the rest of the plan so that separate accounting is possible.

6. The progress reports in respect of the completed year (year preceding the one during which the annual plan is to be settled) will be examined during the annual plan discussions. Considering the pace of progress as well as the optimum executing capacity of each state in respect of each of the tied programmes, the size of the tied programmes for the next year will be determined; if a state has shown a shortfall in

these programmes in the previous year, it will be allowed to undertake higher performance to make up the lost ground on the tacit understanding that additional central grants corresponding to the extra performance would be allowed not exceeding the shortfalls during the previous one year only in these programmes.

7. Free reallocation within the tied programmes inside each sub-head of development may be permitted to the states. No reallocation will be permissible outside the respective sub-head of development.

8. The central grants should be tied to the programmes and not to individual schemes. If new schemes occur to the centre during the currency of a plan period the Central Government will commend to the states concerned model schemes likely to contribute to targets in crucial sectors leaving it to the states to choose and adopt or adapt any of these schemes suiting to their local circumstances and needs. Conversely, the states shall secure the prior approval of the Planning Commission for including new schemes in the tied sector.

9. At the end of each financial year the amounts proportionate to shortfalls in tied programmes shall be determined and deducted from the ways and means advances in respect of the current year (next year). The amounts so deducted shall be kept in the suspense account for one year. If during the next year performance exceeds the initial allocation for the year, proportionate additional assistance will be allowed out of a suspense account but the balance will not be carried over from year to year. Thus every year a fresh suspense account shall be opened with a clean slate.

Appendix 24
(See paragraph 8.7)

**COMPARATIVE ALLOCATION OF CENTRAL ASSISTANCE
FOR CENTRALLY SPONSORED SCHEMES IN CERTAIN
SECTORS**

(Rs. in crores)

| Subject | | | | Budget Estimates 1962-63 | Budget Estimates 1966-67 |
|-----------------------------|----|----|----|-----------------------------|-----------------------------|
| <i>Education</i> | | | | | |
| Centrally aided schemes | .. | .. | .. | 17.81 | 17.13 |
| Centrally sponsored schemes | .. | .. | .. | 1.87 (9.5%) | 4.94 (22.4%) |
| | | | | 19.68 (100%) | 22.07 (100%) |
| <i>Co-operation</i> | | | | | |
| Centrally aided schemes | .. | .. | .. | 3.59 | 6.82 |
| Centrally sponsored schemes | .. | .. | .. | 1.14 (24.1%) | 7.53 (52.5%) |
| | | | | 4.73 (100%) | 14.35 (100%) |
| <i>Agriculture</i> | | | | | |
| Centrally aided schemes | .. | .. | .. | 51.75 | 135.74 |
| Centrally sponsored schemes | .. | .. | .. | 3.23 (5.9%) | 11.06 (7.5%) |
| | | | | 54.98 (100%) | 146.80 (100%) |
| <i>Health</i> | | | | | |
| Centrally aided schemes | .. | .. | .. | .. | 29.73 |
| Centrally sponsored schemes | .. | .. | .. | .. | 10.16 (25.5%) |
| | | | | | 39.89 (100%) |

Note—These figures give the portion of central assistance only.

CASE STUDY OF A CENTRALLY SPONSORED SCHEME— AGRICULTURAL UNIVERSITIES

PART I

Under the existing system of agricultural education, education, research and extension are completely divorced from each other and the training is mostly theoretical. In order to remove this defect, it was proposed to establish agricultural universities in India on the lines of the Land Grant Colleges in the U.S.A. The establishment of agricultural universities was suggested by the Rehabilitation Commission and again by two Indo-American teams (set up under the Technical Cooperation Programme) in 1954 and in 1959-60. A blueprint for a university was prepared by the first Indo-American team.

2. Although a number of states wanted to establish agricultural universities during the Second Plan period, only Uttar Pradesh was allowed to establish one as an experimental measure because only that state had submitted a concrete scheme (based on the blueprint prepared by first Indo-American team).

3. Another committee (Cummings Committee) was appointed in 1960 to examine proposals of state governments for future agricultural universities from the point of view of the prerequisites in respect of the integration of teaching, research and extension as also the need and characteristics of agricultural universities. The Committee also scrutinised the bills prepared by the state governments for setting up agricultural universities. The Committee submitted its final report in 1962 but presented interim reports on various states in the interim period.

4. The views of the Planning Commission were elicited in the first week of December 1960. The Commission expressed their views in March 1961. The Commission held that universities should be established at regional levels only to save some expenditure. The Indian Council of Agricultural Research (ICAR), however, considered this unconstitutional because no state could be prevented from establishing a university as agriculture was a state subject. The Commission agreed with this. The Planning Commission was also of the view that the most suitable institutions could be upgraded as universities to avoid expenditure on buildings. The ICAR contested this view saying that this would amount to discrimination between one institution and another. What

could be done was to lay down minimum standards and a pattern of assistance and, once these standards were conformed to by any institution/university, to release the necessary financial assistance. The Planning Commission generally agreed to this and after considering various reports available, allotted in April 1961, two crore rupees for setting up universities in the Third Plan period with the limitation that each university could not get more than Rs. 25 lakhs. The Commission also decided that the pattern of assistance could be the same as for agricultural education in the states' sector. The ICAR issued necessary instructions to only six states in August 1961 asking the states to send their proposals. (Approval of the Planning Commission and the Ministry of Finance to the issue of these instructions was obtained. The Planning Commission had desired that these instructions should be sent to all the states).

5. The University Grants Commission was not consulted before the issue of the above instructions. (During the Second Plan, the University Grants Commission's (UGC) agreement to the establishment of an agricultural university by the U. P. Government had been obtained). A reference to the UGC was made in October 1961 and this Commission gave their approval by the end of 1962. Thereafter, the ICAR issued necessary instructions to the state governments giving technical approval to their proposals. Detailed scrutiny of the schemes had been done in the Cummings Report.

Conclusions

1. A large number of committees was appointed in succession to look into the question.

2. Although all the committees strongly recommended the establishment of the universities in every state and some worked out details and blueprints as well (the earliest recommendation was made even prior to 1954) and the administrative ministry agreed with this recommendation, the Planning Commission did not agree. The constitutional validity of its views was debated.

3. The Planning Commission took a long time in finalising its views despite great urgency shown by the administrative ministry.

4. The last committee took about two years in submitting its final report. Some of the work done by the committee e.g. scrutiny of bills prepared by the state governments could have been done by the administrative ministry on the basis of a model bill.

5. Consultation with the University Grants Commission was not held in time and the purpose of hurrying up the proposal with the Planning Commission was defeated.

6. It took an inordinately long time in finalising the scheme:

- (1) 1st Indo-American Team Report—1954.
- (2) 2nd Indo-American Team Report—1959-60.
- (3) Cummings Committee Report—1962.
- (4) Scheme approved in—August 1961.

7. Against the express wishes of the Planning Commission, proposals were not invited from all the states but only from six states.



CASE STUDY OF A CENTRALLY SPONSORED SCHEME— AGRICULTURAL UNIVERSITIES

PART II

Revision of pattern of assistance

While approving the centrally sponsored scheme for the establishment of agricultural universities in the states, the Planning Commission had also approved the pattern of assistance saying that it could be on the same lines as for agricultural education in the states' sector. This pattern of assistance was communicated to the state governments in August, 1962 by the Planning Commission as being 75% for non-recurring expenditure and 25% for recurring expenditure. It was also tentatively decided that a ceiling of Rs. 25 lakhs per university should be fixed. In October, 1962 the Associated Finance impressed upon the Indian Council of Agricultural Research (ICAR) the need for clearly determining the items for which the assistance to agricultural universities was to be given. With a view to deciding these questions, the University Grants Commission was asked on 17-11-62 to give an idea of the broad items of expenditure on which the University Grants Commission (UGC) usually sanctioned its grants to the various universities and colleges. The reply of the UGC was received in November, 1962.

Taking into account the UGC scheme it was proposed by the ICAR that grants should be given to the state governments at the rate of 75% of non-recurring expenditure only in respect of the following items limited to a ceiling of Rs. 25 lakhs in each case:—

- (1) hostels;
- (2) libraries;
- (3) staff quarters;
- (4) museums;
- (5) establishment and improvement of university press; and
- (6) building for central administrative block.

As regards items of recurring expenditure, it was proposed to give financial assistance at the rate of 50% on some specific schemes such as:—

- (i) revision of scales of pay of staff on the lines of the UGC scale;
- (ii) grant of scholarships and fellowships; and
- (iii) hobby workshops etc.

The case was sent to the Associated Finance in January, 1963. The Associated Finance advised in February 1963 that the central assistance for the library and new colleges to be added in the campus should be restricted to 50% of the expenditure, subject to a ceiling of Rs. 25 lakhs. The ICAR objected to this suggestion of the Associated Finance and argued that since the expenditure on agricultural education including setting up of new colleges and expansion of existing ones was a pattern scheme even otherwise under the state sector and was entitled to central assistance of 75% of non-recurring and 25% of the recurring expenditure, the acceptance of the pattern suggested by the Associated Finance for agricultural universities would make the account complicated. The ICAR, therefore, suggested that the pattern might be fixed as 75% non-recurring and 25% recurring in respect of the centrally sponsored portion of these agricultural universities. The ICAR did not have any objection to the curtailment of items suggested by the Associated Finance. The Associated Finance agreed to this in March, 1963. The ICAR desired the issue of the necessary instructions to the state governments telling them about the pattern of assistance and asking them to sanction the detailed estimates in consultation with their finance departments and to approach the ICAR about the requirements of funds during the current financial year. The Associated Finance, however, did not agree to the issue of the instructions and desired that the state governments and the universities concerned should be contacted and asked to bring their detailed estimates for the central portion of the university projects on the basis of which the grants could be given to the state governments. The detailed schemes and estimates thereof were not available and it was decided in March 1963 that no funds should be released during the current financial year. Meanwhile, the ICAR approached the Planning Commission for the revision of the pattern of assistance. While communicating to the states the pattern of financial assistance originally approved by the Planning Commission, the states had been given indications that the assistance could be made available to enable universities to discharge the special responsibilities enjoined on them by their status. This presumably referred to item like the administrative block and the central library. However, the administrative block might earn a lower priority in the development of the university than some of the other items and would probably form only the frill of the scheme. If, therefore, assistance was given for such items only, the ICAR would be pressing the state governments to complete these items on a priority basis and to give a lower priority to other items of a more urgent nature such as the development of new colleges and

schools to complete the university complex, hostels and staff quarters etc. The Planning Commission was, therefore, proposed to be approached to amend the pattern of assistance. This proposal was made in the first week of March, 1963 and a draft proposed to be sent to the Planning Commission was shown to the Directorate of Economics and Statistics in April, 1963. The draft was received back in ICAR in the first week of May, 1963 with some modifications suggested by the Directorate of Economics and Statistics. The Associated Finance, on further consideration, had some fresh doubts about the pattern of assistance being proposed and suggested that a meeting should be held with the Planning Commission. Accordingly, a meeting between the officers of the ICAR, Planning Commission, Directorate of Economics and Statistics and the Associated Finance was held in May, 1963. In the meeting, it was generally agreed that the assistance to agricultural universities should be broadly on the same lines as the assistance given by UGC to other universities. The file was referred to the Planning Commission in May, 1963 for getting their approval to the decisions of the meeting as recorded in the file. The Planning Commission endorsed those decisions and the file was received back in the ICAR in the first week of July, 1963. Necessary instructions to the state governments were issued only on the 24th of July, 1963 after getting the concurrence of the Associated Finance to the issue of these instructions. The revised pattern was as follows:—

Pattern as communicated in Planning Commission's letter No. PC(P)/4/2/62 dated the 4th of August, 1962

Revised pattern as communicated in ICAR letter No. 20/25/62-Edn. II dated the 24th of July 1963

Grant : 75% of non-recurring expenditure and 25% of recurring expenditure on agricultural universities/other constituent and affiliated colleges subject to a ceiling to be prescribed.

1. *Non-recurring expenditure on agricultural universities including constituent colleges*

50% on selected items e.g. constituent colleges (buildings and equipment); hostels ; library (building and books—non-recurring); staff quarters; and administrative block.

2. *Recurring expenditure*

Revision of scales of pay only : 80% of the additional expenditure involved in revising the scales of pay of the teachers in universities so as to bring them in line with the University Grants Commission's scales of pay. This assistance will be restricted up to the end of the Third Five Year Plan. Thereafter the state governments concerned will have to meet the entire additional expenditure. (This decision was subsequently revised to the effect that the state governments would be entitled to the central share of the additional expenditure for a period of 5 years from the date they adopted the UGC scales of pay).

The revised pattern was generally on the lines in vogue in the UGC.

Conclusions

1. The pattern of assistance finalised by the Planning Commission while approving the scheme was on an *ad hoc* basis and no detailed consideration shaped this.

2. Although the original idea was only to fix items for which central assistance was to be given, the whole pattern came to be altered to conform to the UGC pattern. This could have been done at the time of the approval of the scheme itself.

3. It took 10 months to revise the pattern of assistance.

4. The pattern of assistance was finalised in the third year of the Third Five Year Plan with the result that no assistance was given to states during the first two years.

5. There was disagreement about the items qualifying for assistance. The ICAR considered the items chosen by the Associated Finance as having low priority from the technical point of view.

6. The choosing of items for central assistance was not necessary as assistance was limited to Rs. 25 lakhs per university which was considered to be a meagre amount by the ICAR as well as the Planning Commission.

7. The scheme is only partially centrally sponsored.

[See paragraph 8.13]

REORGANISATION OF LIVESTOCK FARM, HISSAR—A CENTRALLY SPONSORED SCHEME

A scheme for the reorganisation of livestock farm, Hissar, was included in the Third Five Year Plan as a centrally sponsored scheme with the total outlay at Rs. 50 lakhs. The scheme was approved by the Planning Commission on 2-1-1961 as a centrally sponsored scheme. The total estimated cost of the scheme was Rs. 144.96 lakhs in the Third Five Year Plan. Of this a sum of Rs. 44.96 lakhs represented the committed expenditure of the Government of Punjab on the normal running of the farm during the Third Plan. The remaining sum of Rs. 100 lakhs was to be shared on 50-50 basis by the Central Government and the Government of Punjab, the central share of assistance being limited to a maximum of Rs. 50 lakhs during the Third Five Year Plan period.

The scheme was a state plan scheme in the Second Five Year Plan and was being financed as such by the Government of Punjab. The draft of the scheme was prepared after two meetings in which the representatives of the Ministry of Finance, the Planning Commission and the Government of Punjab participated. At the last meeting of this committee held in December, 1964, the scheme drawn up by the technical experts of the Ministry of Food and Agriculture and the Government of Punjab was given final form. It was then sent to the Planning Commission on 12-12-1961. After their approval on 2-1-62, it was sent to the Ministry of Finance. The Ministry of Finance questioned the propriety of including it as a centrally sponsored scheme particularly when the Government of Punjab could very well bear the adjustment of Rs. 50 lakhs with the scheme continuing as a centrally aided scheme. It was pointed out to the Department of Agriculture that the reason for treating the scheme as a centrally sponsored one rather than a centrally aided one was not clear.

The Department of Agriculture explained that the Hissar farm was a unique institution and that the scheme should be treated as a centrally sponsored one for the following reasons:

- (i) it was the largest government cattle farm in the country with great potentialities and the Central Government felt that this farm should be developed so that it may play a national role in cattle development programme;
- (ii) at the instance of the Central Government the Punjab Government had come forward for a large scale reorganisation of the farm for the production of quality Haryana bulls for use not only in Punjab but also in other states;
- (iii) as the Haryana breed was one of the most important dual-purpose cattle breeds in the country the Ministry was interested in having a controlling influence on the policy making and execution of the programme and also in ensuring proper production and supply of superior calves for the various cattle breeding schemes;
- (iv) it would be impossible for the state to accommodate the whole expenditure on the farm within the ceiling for animal husbandry; and
- (v) constant and general supervision by the experts of the Central and state governments will result in the efficient and smooth working of the scheme.

The Ministry of Finance thereafter pointed out certain other important considerations and suggested that the scheme may be suitably recast for the following consideration:

the Indian Council of Agricultural Research were already having a scheme commonly called "progeny testing of bulls" at Hissar for the development and improvement of the Haryana breed for which the Central Government were paying a hundred per cent grant to the I.C.A.R. The cost of production under the latter scheme of

a pure breed was much less than what was anticipated in the reorganised proposals. It would be worthwhile to link up the proposal for the reorganisation of the Hissar farm with the progeny testing scheme. A composite scheme would perhaps give a considerable saving in the overheads. Also, the tractor facilities provided by the second tractor training centre proposed to be set up could be utilised for the Hissar farm. It was decided to discuss the details further with the Punjab Government officers on the 27th of March, 1962.

A meeting was held on April 24, 1962, with the representatives of the Punjab Government to discuss the scheme. The Deputy Financial Adviser clarified that the recurring cost of the scheme could be further reduced so as to bring down the estimated cost of production of bulls. At the instance of Joint Secretary, Agriculture, the Under Secretary concerned paid a visit in July to Hissar and held preliminary discussions with the Superintendent of the farm. There was considerable confusion and misunderstanding at the state level in regard to the provisions which had to be included in the scheme. For instance, they were not sure whether the cost of the existing staff should be reflected in the overall cost of the scheme. Similarly, they differed whether the cost of miscellaneous schemes of the Punjab Government which were then being implemented at the Hissar farm could be taken into account for the purpose of reorganisation of the farm. Ultimately, the cost of the scheme was revised as under :

| | | | | | | Original provision (Rs. in lakhs) | Revised provision (Rs. in lakhs) |
|---------------|----|----|----|----|----|---|--|
| Non-recurring | .. | .. | .. | .. | .. | 81.79 | 81.79 |
| Staff | .. | .. | .. | .. | .. | 34.99 | 33.77 |
| Contingencies | .. | .. | .. | .. | .. | 28.18 | 23.00 |
| Total | | | | | | 144.96 | 138.56 |

As regards linking the new scheme with the progeny testing scheme of the I.C.A.R., it was pointed out that progeny tested bulls were not available anywhere in the country

and according to that scheme it would take at least 25 years before any tangible results could be obtained. The objective of the reorganisation scheme was on the other hand to produce on a mass scale Haryana bulls which were true to their breed. The objectives of the two schemes were therefore quite different.

Regarding tractor facilities it was stated that the farm had already about 13 tractors and they would become useless if the livestock farm got its land ploughed by the tractors belonging to the training centre. Moreover, it will have to pay for the tractor charges at the usual rates which would be a heavy financial burden on the farm. Accordingly, a revised draft for the Expenditure Finance Committee (E.F.C.) was sent to the Ministry of Finance on 13-7-62.

The Ministry of Finance again pointed out that the scheme was analogous to the one which was considered by the E.F.C. earlier viz. the Rajasthan scheme for nomadic breeders regarding which the Secretary (Expenditure) had raised the basic question why central funds should be utilised for a scheme of this nature. It was suggested that the scheme currently proposed may await the decision of the Planning Commission which had been approached by the Ministry of Finance. The Department of Agriculture in August, 1962, stated that it would not be advisable to hold up the consideration of the Hissar scheme.

The Ministry of Finance then examined the scheme further. The proposed expenditure involved the entertainment of extra staff, the construction of buildings, the renovation of roads, the purchase of livestock and better facilities of water supply. The recurring expenditure was estimated at Rs. 56.77 lakhs and non-recurring at Rs. 81.79 lakhs making a total of Rs. 138.56 lakhs. The proposition was that the Central Government should meet 40% of the balance of the amount i.e. Rs. 93.60 lakhs (138.56—44.96 which was the commitment of the state). The Ministry of Finance also stated that the scheme would be a losing proposition to the state. Roughly the cost of producing one bull would be in the neighbourhood of Rs. 1,900 while its sale price would be about

Rs. 1,000. These calculations did not take into account the depreciation or interest on capital. The state government's point was that this was not a commercial venture and that the main purpose and emphasis was on producing a better type of bull. It was suggested at the Deputy Financial Adviser's level that the scheme may be considered by the E.F.C. on the basis that if it was accepted the Central Government should meet only 50% of the non-recurring expenditure and that the recurring expenditure should not be shared.

The scheme was ultimately discussed in the Expenditure Finance Committee meeting presided over by Secretary (Expenditure) and was attended by the representatives of Department of Agriculture, Department of Expenditure, and the Planning Commission on September 19, 1962. The question was discussed why the centre should finance an activity in the state field as a centrally sponsored activity. The farm was a state farm and its reorganisation was really the function of the state. Although the representatives of the Department of Agriculture explained the point, also covered in the paragraphs above, the Chairman was not entirely convinced and felt it would be much better to have left this to the state to do. He also felt that the scheme as formulated will always run at a loss. After a detailed discussion the scheme was approved subject to the following two conditions among others:

- (a) the total central assistance would be 50% of non-recurring expenditure subject to the maximum of Rs. 50 lakhs. The balance would be met by the state government and no further assistance would be given under state schemes; and
- (b) the running expenditure and costing would be examined again with a view to avoid any loss. It was decided that the Deputy Financial Adviser would be associated with the committee proposed for laying down major policies and rules of operations.

The Department of Agriculture issued a sanction to the Government of Punjab on 5-10-62 conveying the administrative approval of the Government of India to the scheme

costing Rs. 1.38 crores. The Central Government's liability was limited to Rs. 42 lakhs.

The high-powered committee on the government live-stock farm has been meeting off and on to consider various problems confronting the farm. In the meeting, officers of the Punjab Government, the Agriculture Department and the Deputy Financial Adviser are generally present. Not infrequently, meetings are postponed or even cancelled. The last meeting was held in March, 1966.

Despite this the progress of the scheme is slow. The following figures are revealing:

| Third plan outlay | (Rs. in lakhs) | | | | | |
|----------------------|-----------------|---------|---------|---------|---------|-------|
| | Amount Utilised | | | | | |
| | 1961-62 | 1962-63 | 1963-64 | 1964-65 | 1965-66 | Total |
| 50.00 | .. | .. | 8.86 | 6.84 | 11.00 | 26.70 |

It will be observed that the actual expenditure was only 53% of the Third Plan provision and 64% of the amount sanctioned by the Department of Agriculture.

The study brings out the following features:

- (i) the scheme was a state plan scheme and was converted into a centrally sponsored one ostensibly for the reason that it had an all-India importance but in reality to enable the state government to get financial assistance;
- (ii) in the discussions amongst the Punjab Government officers the Department of Agriculture and the Ministry of Finance, nearly two years were lost before the scheme was approved by the Central Government;
- (iii) although a joint committee of officers was appointed the progress of expenditure was slow;
- (iv) as against the original central liability of Rs. 50 lakhs, the new sanction contained central liability only to the extent of Rs. 42 lakhs;

- (v) the annual expenditure was only Rs. 27 lakhs against Rs. 42 lakhs sanctioned for the scheme; and
- (vi) a lot of time and labour could have been saved and the money properly utilised if the scheme had been allowed to run as a state plan scheme as suggested by the Ministry of Finance and the central assistance given to the Government of Punjab in the usual manner.



[See paragraph 8.14]

STATE-WISE AND SECTOR-WISE DISTRIBUTION OF CENTRE'S SHARE IN CENTRALLY SPONSORED SCHEMES IN 1966-67

(Rs. in lakhs)

| | Andhra Pradesh | Assam | Bihar | Gujarat | J. & K. | Kerala | M.P. | Madras | Maharashtra | Mysore | Orissa | Punjab | Rajasthan | U.P. | West Bengal | Total |
|--|----------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|
| 1. Agriculture— | | | | | | | | | | | | | | | | |
| Minor irrigation .. | 27.40 | 1.00 | 6.30 | 14.35 | .. | 0.40 | 13.25 | 4.80 | 33.05 | 25.75 | 4.25 | 0.25 | 6.25 | 50.35 | .. | 188.00 |
| Soil conservation .. | 14.00 | .. | 6.00 | 11.91 | 6.00 | .. | 45.25 | 12.64 | 8.00 | 10.00 | 33.00 | 43.45 | 15.25 | 15.50 | 14.00 | 235.00 |
| Animal husbandry .. | .. | .. | 0.80 | .. | .. | .. | .. | 2.60 | .. | .. | .. | 20.37 | 7.53 | 8.08 | 1.40 | 40.78 |
| Forests .. | 9.00 | 3.00 | 8.40 | 11.00 | .. | 10.60 | 26.00 | 5.40 | 30.00 | 35.00 | 12.00 | 20.00 | .. | 55.00 | 10.00 | 235.40 |
| Agricultural production .. | 13.04 | 13.92 | 15.62 | 10.04 | 4.90 | 12.71 | 46.59 | 16.26 | 24.49 | 16.21 | 21.41 | 10.86 | 10.21 | 33.64 | 21.58 | 280.46 |
| Total | 63.44 | 17.92 | 37.12 | 47.30 | 10.90 | 23.71 | 131.09 | 39.10 | 98.74 | 86.96 | 70.66 | 103.93 | 39.24 | 162.57 | 46.96 | 979.64 |
| 2. Community development .. | 94.60 | 30.56 | 64.20 | 44.04 | 10.75 | 32.86 | 86.95 | 85.35 | 160.01 | 50.75 | 53.65 | 30.10 | 44.85 | 219.42 | 36.85 | 1050.94 |
| 3. Co-operation .. | 75.50 | 15.12 | 20.57 | 68.35 | .. | 4.55 | 86.86 | 18.22 | 218.30 | 79.15 | 21.50 | 13.15 | 36.57 | 13.75 | 22.20 | 693.79 |
| 4. Food .. | 9.00 | 4.00 | 5.50 | 10.00 | .. | 4.50 | 5.00 | 4.20 | 8.00 | 1.00 | 1.50 | 3.00 | 1.50 | 3.00 | 40.00 | 100.20 |
| 5. Irrigation and power .. | 1.00 | 0.10 | 1.00 | 0.50 | .. | 76.00 | 0.28 | 1.70 | 0.90 | 1.00 | 0.50 | 1.80 | .. | 2.00 | 1.80 | 98.38 |
| 6. Large and medium industries .. | 20.00 | 8.00 | 25.00 | 13.50 | 1.00 | 72.50 | 3.00 | 1.00 | .. | 2.50 | 2.00 | .. | 2.00 | 2.00 | 2.00 | 95.00 |
| 7. Village and small industries .. | 17.37 | 9.62 | 2.37 | 9.27 | .. | 11.62 | 12.07 | 7.87 | 11.87 | 7.87 | 1.97 | 11.67 | 3.87 | 8.87 | 4.57 | 120.88 |
| 8. Education .. | 48.74 | 24.66 | 37.57 | 46.43 | 15.18 | 117.60 | 59.25 | 55.70 | 124.87 | 71.59 | 30.50 | 80.01 | 91.76 | 106.73 | 48.75 | 959.34 |
| 9. Health .. | 20.30 | 16.80 | 60.65 | 22.25 | 8.35 | 17.59 | 51.70 | 50.30 | 115.45 | 21.85 | 20.25 | 62.75 | 9.00 | 188.00 | 62.26 | 727.50 |
| 10. Labour and employment .. | 0.40 | 163.00 | 288.50 | 603.35 | 13.50 | 18.50 | 4.30 | 7.40 | 11.50 | 87.00 | 6.70 | 10.00 | 650.10 | 237.00 | 265.05 | 2366.30 |
| 11. Transport .. | .. | .. | 0.75 | 1.34 | 10.00 | 10.50 | .. | 1.64 | 0.61 | 0.61 | 0.13 | 0.50 | 5.25 | 1.25 | .. | 31.97 |
| 12. Tourism .. | 74.69 | 112.40 | 177.50 | 124.76 | 7.77 | 13.48 | 292.18 | 45.74 | 142.40 | 27.77 | 142.27 | 14.19 | 47.88 | 64.41 | 51.67 | 1339.11 |
| 13. Welfare of backward classes .. | 10.50 | 2.50 | 11.00 | 64.50 | 21.75 | 9.50 | 6.10 | 79.68 | 107.00 | 7.50 | 13.50 | 11.00 | 5.00 | 23.00 | 30.05 | 402.58 |
| 14. Housing .. | 3.50 | 0.75 | 0.37 | 6.36 | 1.20 | 0.87 | 0.67 | 1.80 | 1.90 | 2.12 | 1.45 | 3.50 | 1.60 | 3.20 | 0.48 | 29.77 |
| 15. Public cooperation .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Grand Total | 441.04 | 407.43 | 735.10 | 1061.95 | 103.40 | 438.78 | 759.45 | 418.06 | 1026.58 | 461.67 | 379.58 | 365.60 | 953.62 | 1070.00 | 629.64 | 9251.90 |
| Less provision for activities which are a central responsibility .. | .. | .. | .. | 600.00 | .. | .. | .. | .. | .. | .. | .. | .. | 650.00 | .. | .. | 1250.00 |
| Net | 441.04 | 407.43 | 735.10 | 461.95 | 103.40 | 438.78 | 759.45 | 418.06 | 1026.58 | 461.67 | 379.58 | 365.60 | 303.62 | 1070.00 | 629.64 | 8001.90 |

SCHEMES REQUIRING CENTRAL SCRUTINY*Medium irrigation projects*

These projects involve outlays ranging between Rs. 15 lakhs and 5 crores. At present, detailed scrutiny is made for projects costing more than Rs. 2 crores while for projects costing between Rs. 15 lakhs and Rs. 2 crores, scrutiny is done only on the basis of information collected on prescribed forms. Case studies in respect of schemes costing between Rs. 15 lakhs and Rs. 2 crores have been made to ascertain the utility of the latter type of scrutiny in the Central Water and Power Commission (C.W.&P.C.). The case studies show that it is rarely that the Central Water and Power Commission has any substantial contribution to make. On the other hand long delays have taken place resulting not only in loss of valuable time but also in escalation of costs. Most states in India have by now developed some expertise in smaller irrigation projects and can well be trusted to prepare and execute schemes costing Rs. 1 crore or less without any reference to the Central Water and Power Commission. A few states may still be deficient and they should be helped to develop their engineering organisations. These states can also continue to consult the Central Water and Power Commission of their own accord if they are diffident about any scheme. Speaking generally, the states are in a position to frame and execute schemes up to Rs. 1 crore themselves. Nevertheless information in the prescribed form should invariably be sent to the Central Water and Power Commission which may interfere if there is any inter-state or international aspect to the scheme. Indeed, where there are inter-state implications, the state embarking on a project should itself, as a measure of precaution, send the necessary information also to the affected state. With the help of the information thus received the Central Water and Power Commission will be able to continue to register and record the progressive utilisation of water from a particular river basin.

This limit of Rs. 1 crore can progressively be increased as the states develop their skill and expertise further.

Flood control, drainage and anti-water logging schemes

In the case of these schemes a very brief form has been prescribed which shows that considerable trust has already been reposed in the states' technical advisory committee under whose authority projects costing Rs. 25 lakhs or less are undertaken without central scrutiny. Scrutiny on the basis of forms is made at the centre for schemes costing between Rs. 25 lakhs and 1 crore. The financial limit in respect of these schemes needs to be brought on par with those prescribed for irrigation projects, with the stipulation that, as in the case of irrigation projects the requisite information should be made available to the C.W.&P.C. to enable them to keep their record up-to-date and to apply correctives in inter-state cases. The idea needs to be built up that C.W.&P.C. should be consulted voluntarily because of the excellence of their service and not through financial compulsion. This will help the C.W. & P.C. also to develop and maintain high standards of efficiency.

Electricity schemes

The schemes being generally hydro-electric, are closely bound with big irrigation and flood control projects. Otherwise also electric generation and distribution will be increasingly determined in an all-India context. It is, therefore, necessary that all schemes presently being sent up for scrutiny should continue to come to the centre, except that schemes for rural electrification, below Rs. 5 crores within an approved plan, may not require scrutiny by C.W. & P.C. For these, detailed information needed for record may be furnished to the Commission. Rural electrification schemes rarely involve lines above 33 KV and are generally of 11 KV.

Rural water supply and urban drainage schemes

Detailed advice and guidelines have already been issued to the state governments for preparing schemes. If these are followed the states themselves can easily prepare such schemes without central help. Case studies conducted on this subject show little contribution but considerable delay at the centre. These schemes therefore need not come to the centre at all for scrutiny.

Schemes relating to medium industries

During the first three five year plans, the states have acquired knowhow and expertise in the matter of setting up industrial estates. There is, therefore, no necessity of sending up such schemes to the centre for scrutiny which can now easily be done by the states themselves. In regard to the medium industries, a study team under the chairmanship of Shri H. C. Mathur, M.P., recommended, in March, 1966, that there should be large scale decentralisation by revising the schedule appended to the Industries (Development and Regulation) Act, 1951, so as to retain items not on the basis of the extent of dependence on import but strictly on that of overall public interest. By this method most of the industrial units below Rs. 25 lakhs would be freed from the necessity of central registration. Registration would then take place at the state level and retention at the centre of any of the delicensed sector should be an exception rather than the rule. It further recommended that the passing on of industries, in this context, to the states should be accompanied by a suitable enhancement in the foreign exchange allocation made to each state for the requirements of the small scale sector with an earmarked allocation for the medium scale sector proposed to be transferred to the states. A similar approach in regard to the allocation of indigenous raw material in scarce supply was recommended. The study team felt that the recommendations made, if adopted, should give the state governments their rightful place for promoting industrial development and would also ensure closer supervision of the utilisation of foreign exchange and scarce raw materials, besides helping the Directorate General at the centre in shedding a good bit of work not relevant to its basic and more important functions of planning, development and imports substitution, etc.

The recommendations of that study team should be supported. The effect of these, in a nutshell, would be that only industrial schemes costing more than Rs. 25 lakhs in the state public sector would need clearance at the central level.

Schemes for technical education

As technical education needs to be co-ordinated from the centre to secure the proper utilisation of technical manpower

and technical training, the present procedure for the scrutiny of schemes relating to them should continue.

Schemes costing Rs. 5 crores or more

As already stated, most of the schemes falling in this category are big schemes of irrigation, hydro-electric generation and transmission, flood control and anti-water logging. It is rarely that schemes from another sector fall in this category. The C.W. & P.C. as well as the Technical Advisory Committee of the Planning Commission have rendered useful service in their own field in the past in scrutinising such schemes. Even otherwise, such big schemes in all sectors, however rare these may be, need to be carefully conceived, phased and scrutinised within the overall framework of national priorities. These big schemes should, therefore, continue to come up to the centre for scrutiny. The administrative ministries or their associate organisations at the centre should be entrusted with this scrutiny under the overall directions of the Planning Commission. The central Ministry of Finance should not come into the picture. The existing circular needs amendment to this extent only.

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Appendix 30

[See paragraph 10.5]

**STATEMENT SHOWING STAFF AND FUNDS NEEDED FOR
THE EVALUATION DIRECTORATE IN THE STATES**

| Post | No. of posts | Scale of pay (Rs.) | Anticipated expenditure (Rs.) |
|--|--------------|--------------------|-------------------------------|
| I. Recurring— | | | |
| A. Headquarters Unit— | | | |
| 1. Director (Economics with experience of rural surveys and studies) | 1 | 900—1,800 | 14,400 |
| 2. Dy. Directors (one in Administration and one in Statistics) | 2 | 600—1,100 | 20,400 |
| 3. Asstt. Director (Sociology) | 1 | 300—900 | 7,200 |
| 4. Research Assistants | 3 | 170—385 | 6,120 |
| 5. Investigators | 6 | 130—250 | 9,360 |
| 6. Computers | 6 | 105—240 | 7,560 |
| 7. Accounts clerk | 1 | .. | 18,600 |
| 8. Stenographers | 3 | | |
| 9. U.D.C. and LDC | 6 | | |
| 10. Peons | 4 | | |
| Sub-Total (Headquarters) .. | | | 83,640 |
| B. Field Task Force (At Headquarters)— | | | |
| 1. Evaluation Officer | 1 | 300—900 | 7,200 |
| 2. Senior Investigator | 1 | 180—300 | 2,160 |
| 3. Junior Investigator | 1 | 130—250 | 1,560 |
| Sub-Total .. | | | 10,920 |
| C. Field Units (Average 3.5 per state)— | | | |
| 1. Evaluation Officer | 1 | 300—900 | 7,200 |
| 2. Investigator | 1 | 130—250 | 1,560 |
| 3. Steno-typist | 1 | } | 2,400 |
| 4. Clerk | 1 | | |
| 5. Peon | 1 | | 900 |
| | | | 12,060 |
| For 3½ units .. | | | 42,210 |
| Total .. | | | 1,36,770 |
| D. Allowances (At 10%) | | | 13,677 |
| E. Travelling Allowance | | | 20,000 |
| F. Contingencies | | | 15,000 |
| Total (Annual per state) .. | | | 1,85,447 |
| | | | or 1,86,000 |
| Total for five years .. | | | 9,30,000 |
| Grand Total for 15 states .. | | | 1,39,50,000 |
| | | | or 1,40,00,000 |
| II. Non-recurring— | | | |
| Desk Calculators @ Rs. 1,000 | 6 | | 6,000 |
| Typewriters @ Rs. 1,200 | 6 | | 7,200 |
| Total .. | | | 13,200 |
| Total for 15 states .. | | | 1,98,000 |
| | | | or 2,00,000 |
| III. Total for the Fourth Plan— | | | |
| A. Recurring | | | 1,40,00,000 |
| B. Non-recurring | | | 2,00,000 |
| Total .. | | | 1,42,00,000 |

Appendix 31'

(See paragraph 15.16)

RECOUNT—CANADIAN PRACTICE*Recount by Judge*Application
to a judge
for recount

54. (1) If, within four days after the date on which the returning officer has declared the name of the candidate who has obtained the largest number of votes, it is made to appear, on the affidavit of a credible witness, to the judge hereinafter described, that a deputy returning officer in counting the votes has improperly counted or improperly rejected any ballot papers or has made an incorrect statement of the number of votes cast for any candidate, or that the returning officer has improperly added up the votes, and if the applicant deposits within the said period with the clerk or prothonotary of the court to which such judge belongs the sum of two hundred and fifty dollars in legal tender as security for the costs of the candidate who has obtained the largest number of votes, such judge shall appoint a time to recount the said votes, which time shall, subject to subsection (3), be within four days after the receipt of the said affidavit.

Meaning of
"judge"

(2) The judge to whom applications under this section may be made shall be the judge as defined in sub-section (13) of section 2 within whose judicial district is situated the place where the official addition of the votes was held or the judge acting for such judge pursuant to paragraph (f) of that sub-section or a judge designated by the Minister of Justice under that paragraph, any judge who is authorized to act by this section may act, to the extent so authorized, either within or without his judicial district.

Procedure
when
applications
for recount
in two or
more dis-
tricts are
made

(3) If applications for a recount of the votes in two or more electoral districts are made under this section to the same judge, such judge shall first proceed with the recount in the electoral district in respect of which the first application is made to him, and successively with the recounts in the electoral district or districts in respect of which applications were later made, and all such recounts shall proceed continuously from day to day until the last of them has been completed.

(4) The judge shall appoint and give written notice to the candidates or their agents of a time and place at which he will proceed to recount the votes, and he may at the time of the application or afterwards, decide and announce that service of the notice will be substitutional, or by mail or by posting, or in any other manner. Notice and service

(5) Such judge shall also summon and command the returning officer and his election clerk to attend at the time and place so appointed with the parcels containing the used and counted, the unused, the rejected, and the spoiled ballot papers, or the original statements of the poll signed by the deputy returning officers, as the case may be, with respect to or in consequence of which such recount is to take place, which summons and command the returning officer and election clerk shall obey, and they shall attend throughout the proceedings, at which proceedings each candidate is entitled to be present and to be represented by not more than three agents appointed to attend. Order of judge to returning officer
Who may be present at recount

(6) In case any candidate is not present or represented, any three electors who may demand to attend in his behalf are entitled to attend; and except with the sanction of the judge, no other person shall be present at such recount. If candidate not re-presented, authority of judge

(7) At the time and place appointed, and in the presence of such of the said persons as shall attend, the judge shall proceed to make such recount from the statements contained in the several ballot boxes returned by the several deputy returning officers, or to recount all the votes or ballot papers returned by the several deputy returning officers, as the case may be, and shall, in the latter case, open the sealed envelopes containing the used and counted, the unused, the rejected, and the spoiled ballot papers, and he shall not open any other envelopes containing other documents. Making recount
Opening sealed packets of ballots

(8) In the case of a recount, the judge shall recount the votes according to the directions in this Act set forth for deputy returning officers at the close of the poll, and shall verify or correct the statement of the poll giving the ballot paper account and the number of votes given for each candidate; and he shall also, if necessary or required, review the Mode of proceedings with the recount

decision of the returning officer with respect to the number of votes given for a candidate at any polling place where the ballot box used was not forth-coming when the returning officer made his decision, or when the proper statements of the poll were not found therein, and for the purpose of arriving at the facts as to such missing box and the statements of the poll, the judge has all the powers of a returning officer with regard to the attendance and examination of witnesses, who in case of non-attendance are subject to the same consequences as in case of refusal or neglect to attend on the summons of a returning officer.

Powers of
Judge

Where
counterfoil
is attached

(9) If in the course of the recount any ballot paper is found with the counterfoil still attached thereto, the judge shall remove and destroy such counterfoil; he shall not reject the ballot by reason merely of the deputy returning officer's failure to remove the counterfoil, nor shall he reject any ballot paper by reason merely of the deputy returning officer's failure to affix his initials to the back of such ballot paper.

Proceedings
to be con-
tinuous

(10) The judge shall, as far as practicable, proceed continuously, except on Sunday, with the recount, allowing only necessary recess for refreshment, and excluding, except as he shall otherwise openly direct, the hours between six o'clock in the afternoon and nine in the succeeding forenoon.

During ex-
cluded time
documents
to be under
seal

(11) During such recess or excluded time the ballot papers and other documents shall be kept enclosed in parcels under the seals of the judge and of such other of the said persons as desire to affix their seals thereto.

Supervision
of sealing

(12) The judge shall personally supervise such parcelling and sealing and take all necessary precautions for the security of such papers and documents.

Procedure at
conclusion
of recount

(13) At the conclusion of the recount, the judge shall seal all the ballot papers in separate packages, add the number of votes cast for each candidate as ascertained at the recount and forthwith certify in writing, in the form prescribed by the Chief Electoral Officer, the result of the recount to the returning officer, who shall, as prescribed in sub-section (1) of section 56, declare to be elected the candidate who has obtained the largest number of votes; the judge

shall deliver a copy of such certificate to each candidate, in the same manner as the prior certificate delivered by the returning officer under sub-section (5) of section 51 the judge's certificate shall be deemed to be substituted for the certificate previously issued by the returning officer.

(14) In case of an equality of votes the returning officer, ^{Equality of votes} notwithstanding that he may have already voted pursuant to sub-section (6) of section 51, has and shall cast another or deciding vote.

(15) If the recount does not so alter the result of the poll as to affect the return, the judge shall

- (a) order the costs of the candidate appearing to be ^{Costs} elected to be paid by the applicant, and
- (b) tax such costs, following as closely as possible ^{To be taxed} the tariff of costs, allowed with respect to proceedings in the court in which the judge ordinarily presides.

(16) The money deposited as security for costs shall, so ^{Disposal of deposit; if} far as necessary, be paid out to the candidate in whose favour ^{action for} costs are awarded and if the said deposit is insufficient the ^{balance} party in whose favour the costs are awarded has his action for the balance.

Election Return

56. (1) The returning officer, immediately after the sixth ^{Return of} day next following the date upon which he has completed ^{elected} the official addition of the votes, unless before that time he ^{candidate} has received notice that he is required to attend before a judge for the purpose of a recount, and, where there has been a recount, then immediately thereafter, the returning officer shall forthwith declare elected the candidate who has obtained the largest number of votes by completing the return to the writ on the form provided for that purpose on the back of the writ; the returning officer shall then transmit by registered mail the following documents to the Chief Electoral Officer:

- (a) the election writ with his return in Form No. 60 endorsed thereon that the candidate having the majority of votes has been duly elected;

- (b) a report of his proceedings in the form prescribed by the Chief Electoral Officer; ;
- (c) the recapitulation sheets, in the form prescribed by the Chief Electoral Officer, showing the number of votes cast for each candidate at each polling station, and making such observations as the returning officer may think proper as to the state of the election papers as received from his deputy returning officers;
- (d) the statements of the polls from which the official addition of the votes was made;
- (e) the reserve supply of undistributed blank ballot papers;
- (f) the enumerators' record books used in urban polling divisions;
- (g) the index books prepared by enumerators in rural polling divisions;
- (h) the revising officers' record sheets and other papers relating to the revision of the lists of electors in urban polling divisions;
- (i) the returns from the various polling stations enclosed in sealed envelopes, as prescribed by section 50, and containing the poll book used at the poll, a packet of stubs and of unused ballot papers, packets of ballot papers cast for the several candidates, a packet of spoiled ballot papers, a packet of rejected ballot papers and a packet containing the official list of electors used at the poll, the written appointments of candidates' agents and the used transfer certificates; and
- (j) all other documents used for the election.

Return not
to be made
until certi-
ficate of
judge re-
ceived

(2) In case of such receipt of notice of recount the returning officer shall delay transmission of such return and report until he has received from the judge a certificate of the result of such recount, whereupon he shall transmit the same in manner hereinbefore directed.

(3) The returning officer shall forward to each of the candidates a duplicate or copy of the return to the writ made by him. Duplicate of return to each candidate

(4) A premature return shall be deemed not to have reached the Chief Electoral Officer until the same should have reached him in due course, and he shall, if circumstances so require, send back such return and any or all election documents connected therewith to the returning officer for completion or correction; the Chief Electoral Officer may, moreover, send back to the returning officer any return which does not comply in any respect with the provisions of this Act. If return is irregular

(5) The Chief Electoral Officer shall, on receiving the return of any member elected to serve in the House of Commons, enter it, in the order in which such returns received by him, in a book to be kept by him for such purpose and thereupon immediately give notice in an ordinary or special issue of the Canada Gazette of the name of the candidate so elected and in the order in which it was received, and shall also forward to the Comptroller of the Treasury a certified statement of the number of votes cast for each candidate in every electoral district, and when the Comptroller of the Treasury has satisfied himself that, pursuant to sub-section (14) of section 21, a candidate is entitled to the return of his deposit, the Comptroller of the Treasury shall return it accordingly. Notice of return in Canada Gazette
Statement to Comptroller of the Treasury
Return of deposit

(6) The Chief Electoral Officer shall, immediately after each general election, cause to be printed a report giving, by polling divisions, the number of votes polled for each candidate, the number of rejected ballots, the number of names on the list of electors, together with any other information that he may deem fit to include; and shall also, at the end of each year, cause to be printed a similar report on the by-elections held during the year. Reports by Chief Electoral Officer

Appendix 32

(See paragraphs 16.3 & 16.11)

**EXTRACTS FROM CORRESPONDENCE PERTAINING TO THE
POLICY REGARDING THE SETTLEMENT OF INTER-
STATE WATER DISPUTES.****I. Extracts from note dated 10-5-1934 by M. W. Yeatts, Deputy
Secretary, Home Department**

* * * *

12. (x) *The treatment of rights in water*—The proposals of the India Office Note are for no recognition of property rights in water in the units and that disputes should be determined by a special tribunal. The covering letter to the Note suggested as a preferable forum the Governor-General with the assistance of a special expert tribunal, either standing or *ad hoc*. On this point we have sent a preliminary comment in our telegram No. 2628 of the 8th November 1933. We demurred to a complete non-recognition of property rights and suggested that those now enjoyed be recognized. For the determination of disputes we agreed that the Governor-General with the advice of a special tribunal was the best solution. Such a tribunal, we suggested, should be *ad hoc* and its recommendations, when accepted by the Governor-General, would be binding on all parties and not liable to be called in question in any proceedings of the Federal Court. We declared that every State-member of the federation should accept a constitutional provision of the type suggested for settlement of water disputes between units.

13. The two points for decision might be put as the recognition of proprietary rights and the mode of settlement of disputes. Of the first five Governments (Bengal, United Provinces, Bihar and Orissa, Central Provinces, and Assam) make no comment at all. Two (Bombay, and North-West Frontier Province) suggest no recognitions of proprietary rights in units. Madras take in effect the view set out in our telegram, namely, that existing rights should be recognized, while the Punjab go even further and demand a recognition of "vested rights for the future" by virtue of existing agreements. On the second point there is general provincial support for the Governor-General plus an expert tribunal as the preferable forum. Bombay and the United Provinces specifically condemn any introduction of the Federal Court as an unsuitable authority, whereas the North-West Frontier Province consider the introduction of the Governor-General undesirable and would prefer some arbitral council. Madras, on the other hand,

consider the Federal Court the natural authority. The objection to the Federal Court taken in the India Office Note arises from the expectation that the Court would apply common law principles which might have most inconvenient results in matters hitherto settled on grounds of expediency and convenience. Hence the suggestion for a special tribunal. Madras admits this but suggests that if the Constitution Act lays down that disputes on water rights shall be decided on the principles of apportioning supplies in the most equitable and economical manner its jurisdiction will be competent and satisfactory as well as natural.

The suggestion of a special tribunal is understandable, but there is much to be said for the Madras theory of making use of what normally public opinion in the country would look to as the natural forum. When they say, however, that prescription in the Constitution Act of the principles on which decision is to be based will keep the Federal Court on the right lines, they are, perhaps, unduly optimistic. The mere word "equitable" itself introduces doubts. How will the Court determine what is equitable? One would imagine by a reference to common law and other legal principles, precisely what it is considered important to avoid.

* * * *

II. Extract from letter No. P. & J.—3911/33, dated the 20th October, 1933, from the India Office London, contained in file No. 1007/34-Judl. 1934, to Home Department.

* * * *

I am to explain that, subject to the views which the Government of India may express, the Secretary of State thinks that most of the suggestions made in these notes are *prima facie* suitable and at the present stage only desires to comment on two points:—

(1) Suggested special tribunal for the decision of disputes regarding water rights.

While fully agreeing that it would be most undesirable to leave disputes of this kind to be settled by the Federal Court, he also sees some difficulty in relegating to a special tribunal the final decision on such matters which may raise very grave practical and political issues. He would like, therefore, the following suggestion to be examined. The Governor-General acting in his discretion to be empowered in the Constitution to settle inter-unit water disputes the nature of which would, of course, have to be defined to some extent in the Constitution, but the Governor-General before giving any such decision to be bound

by the Act to seek the advice of a special expert tribunal of the kind mentioned in the note. This might be either a standing body or an *ad hoc* body. Its appointment presumably might be left to the Governor-General himself.

* * * *

III. Extract of para 8 of the White Paper Proposals 130—135 in regard to the Constitutional provision pertaining the settlement of Inter-State Water Disputes.

* * * *

8. The problem of rights in water is, in the main, a question of the rights of units among themselves for we understand that whether by the operation of general legislation like the Northern Indian Canals Act or the operation of provincial legislation such as the Punjab Canals Act, the position between provincial Governors and private owners within the province is clear, but it is possible that there is no law of riparian ownership for the decision of inter-unit claims to water rights apart from such common law as courts have felt themselves entitled to apply. The problem may then be found to resolve itself into a question of whether or not we should settle the question of claims of units to share in irrigation supplies by a definition of proprietary right. It seems clear that not only the units but also the Federal Government will individually be so closely concerned with the disputes which may arise that a solution cannot be sought in the provision of a legislative authority in India. Thus the Federal Government owing to its financial interest in the Sukkur Barrage would not be an impartial authority in regard to any dispute between the Punjab and Bombay as to the use of this water. A dispute arose on this point between the two Governments some years back. The Federal Government also has interests arisen from its administration of Chief Commissioners' Provinces and in other ways. Hitherto the apportionment of the major water supplies of India has in case of dispute rested with the Government of India and the Secretary of State and the effort has been made to follow the principle of the Irrigation Commission that the supplies should be utilised where they are most needed and can be most profitably applied. In other words, the decision has been one of expediency rather than of right. A typical case was the grant of supplies from the Sutlej project

to Bikaner who had no riparian rights in the stretch of water. A similar case was the decision to close further supplies from rivers running into the Indus for use by the Punjab in the interests of the Sukkur Barrage. If the decision were left to the Federal Court considerations of this nature would apply and it might even happen that large areas now benefiting by canal schemes might have their supplies withdrawn by virtue of decisions based on the application of common law. It would seem advisable therefore to create a special tribunal for the decision of such cases whether between provincial Governments or State units, it being provided that this tribunal should endeavour to apportion supplies in the most equitable and economical way. If this tribunal were constituted under the Act then it would be necessary that acceding States should bind themselves to accept its decisions as part of the terms of acceding to the Federation. The matter is one which clearly requires discussion with the Government of India, but the point we wish to make at present in connection with the allocation of property is that we are not disposed to suggest any recognition of property rights in the units in irrigation supplies.

* * * *

IV. Extract from letter No. F. 160/33-R, dated the 7th December, 1933 from Home Department to all Local Governments.

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(x) *The treatment of rights in water*—The note contemplates no recognition of property rights in the units in irrigation supplies and the chief point for consideration is the best mode of settling disputes. An extract from the India Office letter forwarding the note is given below, which bears on this topic (Paragraph 8).

“While fully agreeing that it would be most undesirable to leave disputes of this kind to be settled by the Federal Court, he also sees some difficulty in relegating to a special tribunal the final decision on such matters which may raise very grave practical and political issues. He would like, therefore, the following suggestion to be examined. The Governor-General acting in his discretion to be empowered in the Constitution to settle inter-unit water disputes the nature of which would, of course, have to be defined to some extent in the Constitution, but the Governor-General before giving any such decision to be bound by the Act to seek the advice of a special

expert tribunal of the kind mentioned in the note. This might be either a standing body or an *ad hoc* body. Its appointment presumably might be left to the Governor-General himself."

* * * *

V. Extract from letter No. M.S.-268, dated the 17th March 1934, from the Government of Madras to Home Department, Government of India.

* * * *

(ix) *Treatment of rights in water*—The Madras Government would at the outset express their agreement to the suggestions in paragraph 8 of the India Office Note to the effect that—

- (i) No recognition of property rights in the units in irrigation supplies should be made in the Constitution Act, and that,
- (ii) in the matter of settlement of inter unit irrigation disputes the principle to be kept in view should be that the available supplies are apportioned in the most equitable and economical manner.

The Madras Government consider that the non-recognition in the Constitution Act of any specific abstract rights (to irrigation supplies) of the federating units will not have the effect of extinguishing or interfering with such rights as have been recognised between them in the past in agreements and treaties. Such agreements and treaties must be respected, but if any question as to their interpretation or their modification should arise, it should be adjudicated with due regard to the principle referred to under Item (ii) above which was what this Govt. had in mind stating, in paragraph (7) of their letter No. 429 (S. 12) Public (Special), dated 17th May 1933 (in connection with the examination of the lists in Appendix VI of the white Paper), that "such disputes are usually adjudicated in other federations on principles based upon international rather than municipal law."

The more difficult question however, is as regards the authority to whom inter-unit irrigation disputes in general should be referable for a binding adjudication in cases where the disputing units are unable to arrive at a mutual agreement between themselves. It is obvious that the tribunal in such cases should be independent of the disputing units and the Madras Government agree that for the reasons indicated in paragraph 8 of the India Office Note, the Federal Govt., *i.e.*, the

Federal Executive will sometimes not satisfy this condition. It would also be unusual in a Federal,—it would be opposed to the very idea of a Federal State—that inter-unit disputes or disputes between the Federal State and any of its units should be referable for decision to an authority outside the Federation itself. The choice for the tribunal lies therefore between the Federal Court and (as suggested in the extract from the India Office letter given in paragraph 2(x) of your letter under reply) the Governor General acting in this direction but on the advice of a standing or *ad hoc* body of experts whose advice the Governor General shall be bound to seek.

The objection urged against the Federal Court is that its decisions will be largely dominated by common-law doctrines relating to water rights, but this objection will, in the opinion of the Madras Government, be removed if the Constitution Act definitely laid down, as suggested in the India Office Note, that such disputes should be decided on the principle of apportioning supplies in the most equitable and economical manner. Further, the Federal Court will be an independent tribunal and its judicial character will add considerable weight to its decision, the impartiality of which will be beyond question; and in course of time the decisions of the Court on such disputes will create a body of precedents which will facilitate the decision of future disputes.

On the other hand, the alternative suggestion in the India Office letter extracted under paragraph 2(x) of your letter, involves the creation of a standing or *ad hoc* tribunal of experts and although the Governor General is only to seek its advice, there can be doubt that he will find it difficult not to accept its advice. The advice of *ad hoc* bodies not conversant with precedents may be conflicting on questions of general principle and the Governor General will consequently find himself in considerable embarrassment in dealing with individual cases. A standing advisory tribunal will not be open to the same criticism, but the Madras Government doubt whether there is sufficient justification for creating such a body where there can be no overwhelming objection to entrusting the function to the Federal Court. A federal Court is the recognised organ in a Federal Constitution for the settlement of inter-unit dispute; and, if, as provided in Proposal 155 of the White Paper, its jurisdiction is to be accepted by the units for the determination of all rights and obligations arising under the Constitution Act, the Madras Government see no sufficient reason why its

jurisdiction should be excluded in the case of irrigation disputes, provided that the Constitution Act enacts that such disputes should be settled with due regard to the principle already referred to.

On a full consideration of the matter, it appears to the Madras Government that the Federal Court should be the adjudicating tribunal in all disputes arising out of rights in water.

The Madras Government agree to the suggestion in paragraph 8 of the India Office Note that Indian States acceding to the Federation should bind themselves to submit to the jurisdiction of whatever tribunal may be decided on for adjudicating inter-unit irrigation disputes.

If Indian States submit to such jurisdiction, it does not appear that grave political issues are likely to arise.

* * * *

VI. Extract from letter No. R-236, dated the 3rd February, 1934 from the Government of Bombay to Home Department of Government of India.

* * * *

7. Paragraph 2(x) of the Reforms Office letter and paragraph 8 of the India Office Note.

This is an extremely complicated problem and requires to be tackled from the practical point of view. There appears to be no principle which limits the right of a Province to the use of water flowing through it nor does there appear to be any law of riparian ownership for the decision of inter-unit claims to water rights apart from such common law as Courts have felt themselves entitled to apply. On the other hand, the Provinces have enjoyed certain rights in respect of water being in or passing through their territories. The extent of provincial rights in water is nowhere defined and the question has become extremely complicated by reason of the fact that the apportionment of the water supplies has been made by the paramount authority on considerations of expediency rather than of right. If no provision is made in the Constitution the Units would probably resort to the Federal Court for the determination of their respective rights in water supplies. This is obviously undesirable on administrative considerations. Also, as the existing water supplies were not distributed according to any fixed principle it may be inequitable to recognise proprietary rights in

the Units in those supplies. The Government of Bombay, therefore, accept the view taken in paragraph 3 of the India Office note that there should be no recognition of proprietary rights in the Units in Irrigation supplies.

As regards the procedure to be adopted for the decision of such cases the Government of Bombay are inclined to the view that it would be most undesirable to leave disputes of this kind to be settled by the Federal Court or by a special tribunal of the kind suggested in paragraph 8 of the India Office Note. Having regard to the fact that the final decision on such disputes may involve very grave practical and political issues it appears on the whole advisable that the decision should be left to the Governor General who might be assisted by an expert body. The Governor General acting in his discretion might be empowered in the Constitution to settle inter-unit water dispute the nature of which may be defined, so far as may be practicable, in the Constitution Act but the Governor-General before giving any such decision should be bound by the Act to seek the advice of a special expert tribunal of the kind mentioned in the India Office Note. This might be either a standing body or an *ad hoc* body. Its appointment might be left to the Governor-General himself. The decision of the Governor-General should be final and conclusive in respect of the rights determined by him and should not be liable to be questioned before the Federal Court.

* * * *

VII. Extract from letter No. 176-R, dated the 6th February, 1934 from U.P. Government to Home Department, Govt. of India.

* * * *

(j) *The treatment of water rights*—In the United Provinces disputes regarding water rights either with adjacent states or other provinces have been fortunately uncommon, nor does it seem likely that they will arise more frequently under the new constitution. This Govt. agree that it would be very undesirable to leave such disputes to the decision of the Federal Court and accept the solution suggested in the letter from the India Office, quoted in the letter under reply that the Governor-General should be empowered to settle any inter-unit water dispute after obtaining the advice of a special expert Tribunal,

either a standing committee or a body especially appointed for the purpose by the Governor-General. This seems to the Local Government the most suitable method of dealing with such cases.

* * * *

VIII. Extract from letter No. 1928-R, dated the 3rd May, 1934, from Punjab Government to Home Department, Government of India.

* * * *

(x) With regard to irrigation supplies, the Punjab Government would insist on the recognition of its rights to all the supplies of which it has availed itself in the past or to which it has a vested right for the future by virtue of agreement with other local Governments or under the orders of the Government of India.

In particular, it has in mind the two important projects, the Haveli and the Bhakra, the supplies for which have been the subject of discussion for some years past with the Government of Bombay and with whom an agreement has recently been concluded as regards the withdrawals of water under these schemes.

Subject to the safeguarding of these rights there seems to be no objection to the proposal that disputes in regard to water should be dealt with by the Governor-General acting in his discretion with the advice of an *ad hoc* expert tribunal, provided that each of the contending parties should have the option of nominating its own representative on the tribunal. It is understood, of course, that the proposed arbitral procedure would be applicable only to disputes arising in the future after the new constitution comes into force, and that it would not be applied to the present disputes with Bahawalpur either now or in the event of this dispute dragging on even when the new constitution comes into force.

* * * *

IX. Extract from letter No. 281-P.C.-1256-VIII, dated the 30th January, 1934 from Government of N.W.F.P. to the Home Department, Government of India.

* * * *

(5) As regards paragraph 2(x) of your letter, it seems right that proprietary rights in irrigation supplies should not be recognised. As regards disputes it would appear best that some kind of administrative arbitral council should be entrusted with the matter. The Council would not, of course, be a Council of Experts, but it would hear experts from both sides. His Excellency the Governor-in-Council is doubtful of the wisdom of empowering the Governor-General, acting in his discretion, to settle such disputes, for it might easily expose the Governor-General, in his personal capacity as Viceroy, to criticism by the disappointed party in a dispute and this would have a most unfortunate effect.

* * * * *



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Appendix 33
(See paragraph 16.7)

INTER-STATE WATER DISPUTES SETTLED

| Serial No. | Name of dispute | States concerned | Main issues involved | Present position |
|------------|---|-------------------------------|---|---|
| 1 | 2 | 3 | 4 | 5 |
| 1 | Palar Water dispute | Madras and Mysore | <p>Madras had complained that Mysore had violated the provisions of 1892 agreement relating to Palar river.</p> <p>The alleged violations were—</p> <ul style="list-style-type: none"> (i) Raising of the full supply level of certain tanks in existence. (ii) Excess withdrawals from Bethamangalam tank; and (iii) Construction of a few tanks without prior concurrence of the Madras State. | Resolved in an inter-state meeting held in the presence of central government officials at Mysore in June July, 1956. |
| 2 | Tungabhadra Project high level canal | Mysore and Andhra Pradesh | Disputes on sharing of waters of the canal as also the cost of the common portion of this inter-state project. | Inter-state conference under Deputy Chairman, Planning Commission was held on 18-6-56. Mysore and Andhra Pradesh agreed to share the waters in the ratio of 35:65. Cost of common portion of the canal to be shared on cusec-mile basis. The canal is being constructed on the basis of this agreement. |
| 3 | Utilisation of Ravi-Beas waters | Punjab, Rajasthan and J & K | After partition, the Ravi and the Beas having been allocated for the exclusive use of India, the waters had to be allocated to the states concerned. | An inter-state conference was held in January, 1965. On the basis of available estimates made then allocation of waters was settled. Irrigation works are being planned and constructed on this basis. |
| 4 | Sharing of waters of the Subarnarekha river | Bihar, Orissa and West Bengal | Orissa Government proposed to divert the water of this river into the adjoining Burebalong basin with the construction of a weir at Kokpara located in Bihar, a little upstream of the inter-state border. Controversy on the yield available at the site and share of waters by the three states. | This was discussed in the Eastern Zonal Council meetings. A sub-committee headed by Member (W R), Central Water and Power Commission (CWPC) was appointed and in June, 1964, an agreement was reached which was approved by the Eastern Zonal Council. |

- 5 Sharing of cost and benefits of Jamni Madhya Pradesh and Uttar Pradesh Dam Project
- 6 Sharing of cost and benefits of Musakhand Bihar Project
- 7 Exploitation of the waters of the Mahi River
- Meeting at technical level under CW&PC was held in July, 1962 in which an agreement was reached. The state governments did not ratify it in view of the commitments involved. In April, 1965, another agreement was arrived at, which was ratified by the state governments. This is being processed for approval by the Planning Commission and for execution.
- Inter-state meeting held under the auspices of the Ministry of Irrigation & Power in May, 1965, in which, it was decided that the cost of construction of the dam and the maintenance cost should be shared equally between the two state governments. 2.25 TMC of water is to be provided to Bihar and 3 TMC of water to Uttar Pradesh from the dam. Bihar Government would bear the entire cost of construction of canals, if any, from Uttar Pradesh border towards Bihar. Bihar has ratified the agreement whereas Uttar Pradesh has not given the final approval, but the project is being completed on the basis of decisions taken already.
- An agreement reached in an inter-state meeting with the Union Minister for I & P in Jan., 1966. The dispute which started in 1961 was settled in January 1966 after a number of meetings between the ministers and technical men in charge of irrigation and power at the centre and in the states. Decisions were arrived at regarding the height to which the Kadana and Banswara I am should be built and the sharing of waters and the cost of construction of the two dams. The allocation of cost between the two states has also been intimated to the Advisory Committee on irrigation, flood control, and power projects of the Planning Commission by the Ministry of Irrigation and Power.
- Dispute on the extent to which the benefits of the dam could be provided to Madhya Pradesh and consequential share of cost.
- The Musakhand Project envisages the construction of an earthen bund 66.5' high and two miles long near village Musakhand in Varanasi District in Uttar Pradesh for storing about 5 TMC of water at a cost of Rs. 2.3 crores. 164 sq. miles and 403 sq. miles of the catchment area of the river Karmunasa lies in Bihar and Uttar Pradesh respectively. U.P. wanted to utilise the waters of Musakhand Project exclusively for that state. Bihar wanted a share of one third of the total yield from the catchment at Musakhand as it would not be possible to irrigate the adjoining area in the state from any other source except from Musakhand.
- The Mahi River rises in Madhya Pradesh and flows through Rajasthan and Gujarat before falling into the Gulf of Cambay. The total length of flow is about 360 miles through three states and the total catchment area is 13000 sq. miles. Three projects have been envisaged on this river out of which the first one Mahi Stage I is entirely in Gujarat. Mahi Stage II envisages the construction of a dam at Kadana and irrigation canals in Gujarat. The third project is the Bajaj Sagar Project at Banswara in Rajasthan involving the construction of a dam, a saddle dam, a weir, hydel canals and a net work of irrigation channels.

Appendix 33—contd.

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| | | | <p>Gujarat wanted the Kadana dam to be built to impound 107 TMC of water in the reservoir but Rajasthan objected to this, as this would involve the submergence of a <i>dargah</i> at Galiaghot in Rajasthan. Gujarat Government, therefore, wanted a greater share of the waters from the Bajaj Sagar Project. The dispute centered round the height to which the Kadana Dam should be built up and the share of waters and cost of construction of the dam at Banawara.</p> | |

INTER-STATE WATER DISPUTES YET TO BE SETTLED

| Serial No. | Name of the dispute | States concerned | Main issues involved | Present position |
|------------|---------------------------------|--|---|---|
| 1 | 2 | 3 | 4 | 5 |
| 1 | Krishna-Godavari waters dispute | Andhra Pradesh, Madhya Pradesh, Maharashtra, Mysore and Orissa | Krishna and Godavari are two of the major rivers in India. The river Krishna which is about 870 miles long drains the territory in Mysore, Andhra Pradesh and Maharashtra. Bhima and Tungabadra are two tributaries of the river Krishna and are themselves major rivers. River Godavari is 910 miles long and drains the territory in Maharashtra, Andhra Pradesh, Mysore, Orissa and Madhya Pradesh. There are four principal tributaries of the river. During 1950-51 Bombay, Hyderabad, Madras and Madhya Pradesh were investigating and planning a number of large projects on the rivers and their tributaries. In order to consider the question of inclusion of some of these projects in the First Five Year Plan, the Planning Commission convened a meeting of the states concerned in July, 1951. An Agreement was arrived at among the states of Bombay, Hyderabad, Madras, Madhya Pradesh and Mysore on the utilisation of waters from these two rivers. Except Mysore, all the other states ratified the agreement. Orissa, a riparian state, was not invited to these meetings. | <p>The following broad frame-work for solving this dispute has been adopted—</p> <p>(a) Comprehensive river flow data to be collected at a number of gauging stations over a number of years and analysed continuously;</p> <p>(b) Investigations to be carried out regarding diversion of Godavari waters to Krishna;</p> <p>(c) Projects already started and those contemplated in the immediate future to continue with safe margin and stipulations by the centres;</p> <p>(d) Comprehensive master plan to be prepared for the entire Krishna-Godavari basins.</p> <p>Discussions are to take place with the states again.</p> |

Subsequently, Madras was bifurcated into Andhra and Madrasland as a result of the states reorganisation in 1956 the supplies of several projects got transferred from one state to another. The necessary adjustments worked out by the Central Water and Power Commission on the allocations of the rivers, on the basis of the changed situation of the projects were not accepted by the state governments. An inter-state conference was held in 1960 to resolve this problem. All the states, except Andhra Pradesh, asked for *de novo* consideration of the entire case. Mysore and Maharashtra requested the centre not to entertain the request for fresh commitments on Nagarjunasagar by Andhra Pradesh. Doubts were also raised about the 1951 agreement. It was finally decided that the 1951 agreement could not be enforced. A Technical Committee under the chairmanship of Shri N.D. Culhathi, known as the Krishna Godavari Commission, was then set up in order to review the position in respect of the availability of supplies in the Krishna and Godavari rivers and to examine the suitability of diversion of water from the Godavari into Krishna. The Commission submitted its report in August, 1962 and suggested the following:—

- (1) The projects which have been undertaken by the state governments since 1961 should be revised to comply with the requirements of an integrated operation from the point of view of river supply.

(2) A large number of new projects have been put forward by the state governments. Some are to be done jointly by the two state governments. Others sponsored by a state government would submerge large areas in the territory of another state. The third category of schemes are those which are put forward by different states and impinge on each other. A number of recommendations have been made by the Commission regarding the utilisation of waters of the two river basins by the state governments.

(3) An inter-state body like a River Board should be established for bringing about a co-operative approach and establishing the necessary co-ordination in the planning and operation of various developments in the two river basins.

(4) As non-availability of statistics was the main handicap to the work of the Commission and the collection of statistics is very essential, regular gaugings should be carried out at key sites on both the river systems for a number of years.

Several discussions have taken place with the representatives of the states involved but no concrete solution has yet been found.

Mysore and Maharashtra, at one stage, asked the centre to refer the dispute to a tribunal under the Inter-State Water Disputes Act and this was not acceded to by the Government of India.

The river Cauvery originates in Mysore and flows through the states of Mysore and Madras before falling into the Bay of Bengal. Some portion of the three western tributaries of the river lies in the present state of Kerala. In 1924, an agreement was arrived at between the Governments

2 Cauvery Waters
3 East and West flowing rivers in Kerala

In spite of the disputes developmental activities have not been held up. Reports for new project in the basins are scrutinised and passed as and when received.

| 1 | 2 | 3 | 4 | 5 |
|---|-----------------|--|--|---|
| | | | of Madras and Mysore over the construction of dams across the river. The then princely state of Travancore was not a party to this agreement although a portion of catchment area of the tributaries of the river lay in that state (present Kerala). | |
| | | | After reorganisation of the states in 1956, Kerala claimed some water from Cauvery and wanted a River Board to be set up but the Government of Madras and Mysore were against such a step. Mysore is anxious to review the agreement of 1924 with Madras. The Southern Zonal Council set up a Committee of Chief Ministers of the three states to resolve this under the guidance of the Union Minister for Irrigation and Power. Owing to the absence of a popular government in Kerala, this could not be resolved. Successive Governors of Kerala had felt that this should be discussed only after a popular government has come into existence in Kerala. | |
| 4 | Narmada dispute | Gujarat, Madhya Pradesh, Maharashtra and Rajasthan | The Narmada river rises in Madhya Pradesh and falls into the Gulf of Cambay after flowing 815 miles through Madhya Pradesh, Maharashtra and Gujarat. The total catchment area is about 38,000 sq. miles out of which the major portion lies in Madhya Pradesh. The river Narmada has a considerable irrigation and power potential and the dispute has been about the extent to which each state should share the benefits. Linked with this general dispute is the height to which the terminal Navagam dam in Gujarat on the main Narmada river should be constructed. Besides, Rajasthan which has no | The various recommendations contained in the Khosla Committee report were discussed in an Inter-state conference at technical level in August, 1966. Agreement was reached on the quantum of yield of the river for allocation among the contending states. Further action is being taken to allocate shares. |

legal claim on the waters of this river is demanding Narmada waters on the plea that it has no other water resources.

In view of the highly technical issues involved the Government of India appointed a committee under the Chairmanship of Dr. A. N. Khosla. The Committee submitted its report in September, 1965.

Issues other than the high level canal referred to in Appendix 33 at S. No. 2:—

- (i) Division of assets and liabilities of the common portion of the low level canal.
- (ii) Sharing of power benefits from Munirabad power house.
- (iii) Final sharing of the waters at the reservoir, etc.

The Rangwan dam lies in Madhya Pradesh territory which supplements irrigation under Ken canal system of Uttar Pradesh. Major portion of the river basin lies in Madhya Pradesh which approached the Uttar Pradesh government for extension of irrigation facilities from this dam to its areas through a suggested new high level canal. Uttar Pradesh did not agree to this on the plea that supplies were inadequate for itself. This question was considered in 1963 in the Central Zonal Council, which set up a committee of chief engineers under the Chairman, Central Water and Power Commission to advise the Council.

The river Koymani is a tributary of the river Fuleswar and runs through Bihar and West Bengal. Its waters have all along been used by the people in Bihar and West Bengal for cultivating 'Boro' a type of paddy. This is the only crop cultivated during the year in that area. The dispute is over the construction of a bund across the river Koymani by Bihar Government. West Bengal objected to the construction of such a bund as it would deprive the cultivators in Bengal of the river water.

To be discussed by the State Chief Ministers.
Many petty issues resolved in five inter-state conferences at minister's level.

Two meetings of the technical committee took place when certain decisions were taken. Correspondence went on and an agreement has now been arrived at. Ratification of this agreement by the two state governments is awaited.

The centre agreed to set up an inter-state committee under Central Water and Power Commission. Technical details were called for. Bihar supplied the requisite information; West Bengal which made the original complaint is yet to supply the data.

5 Tungabhadra Project Andhra Pradesh and Mysore

6 Extension of Irrigation from the Rangwan Dam of Uttar Pradesh Uttar Pradesh and Madhya Pradesh

7 Koymani River dispute Bihar and West Bengal

| 1 | 2 | 3 | 4 | 5 |
|---|----------------------|-------------------------------------|--|---|
| | | | <p>An attempt was made to resolve this dispute by a joint inspection by the chief engineers of the two states but no agreement could be arrived at. West Bengal referred the matter to the centre for mediation.</p> | |
| 8 | Keolari Nadi waters | Madhya Pradesh and Uttar Pradesh | <p>8.5 sq. miles of catchment area of the river Keolari is in Uttar Pradesh and 11.5 sq. miles in Madhya Pradesh. Uttar Pradesh Government made a project for Keolari Tank and wanted the Madhya Pradesh Government to supply additional waters for the Keolari Tank in Uttar Pradesh over and above the waters of 1.7 sq. miles of catchment area in Madhya Pradesh. Madhya Pradesh has not agreed to this request and the dispute was referred to the centre by Uttar Pradesh.</p> | <p>Uttar Pradesh submitted technical details to Central Water & Power Commission, Madhya Pradesh Government, however, said that the dispute was being discussed between the ministers of Uttar Pradesh and Madhya Pradesh. There is no further progress in this case.</p> |
| 9 | Bandar Canal Project | Uttar Pradesh and Madhya Pradesh | <p>The dispute is over the construction of the canal in Madhya Pradesh area and on the cost and maintenance of the canal. Technical agreement was reached between the chief engineers of the states in April, 1965. In the interest of early execution it has been decided that the remaining works are to be executed by the Madhya Pradesh Government engineers chargeable to Matatilla Project, a joint venture by the two state governments, and the maintenance to be looked after by them.</p> | <p>This agreement has not been ratified by the government of Uttar Pradesh.</p> |

Appendix 35

(See paragraph 17.5)

**EXTRACTS FROM SARDAR PATEL'S SPEECHES AT THE
PREMIERS' CONFERENCE OF 1946**

21st October, 1946

Now the first question that arises for our decision is whether we are all agreed that there should be a Central Service. You all know that recruitment was stopped during the period of the war and the Secretary of State has already announced that no more recruitment to the Services will be made due to the constitutional changes that are taking place in this country and that power has to be transferred from the British to Indian hands. So India has to make its own arrangements for its efficient administration and for that purpose the question to be decided by us is whether we want a Central Administrative Service.

* * * *

What is to be done for the future? We have to form a service for our future administration which should be either Central, as in the present form, or a Provincial Service which Provinces would like to form themselves. My own opinion and the opinion of all of us in the Interim Government, I have discussed this problem with my colleagues and they are all of the same opinion that it is advisable to have a Central Service. Of course, the place of the Secretary of State will be taken by the Government of India and you will all recognise and agree that some sort of guarantee of security is essential if we want to have a good and efficient service. It would be easy to devise methods by which questions regarding their strength, their tenure, their pay scale and also discipline and other incidental questions could be settled by discussion, but the first essential question is to decide whether you all agree to this proposition that there should be a Central Administrative Service, so far as the I.C.S. is concerned. We shall consider the question of the Police Service separately. As I have told you we are all agreed that it is advisable to have such a Service. Except for the control of the Secretary of State, which can be replaced by the control of another Indian agency and for the difference in the scale of pay,

there should be equally good guarantee of security; the question of discipline and other incidental matters will be considered in such a way that the service might feel happy and contented and may not be at the mercy of changing parties or changing conditions in the country; the service must not have to participate in the activities of any political party or other party. I would therefore suggest that you consider this question first. My own view, as I have told you, is that it is not only advisable but essential, if you want to have an efficient service, to have a Central Administrative Service in which we fix the strength as the Provinces require them and we draw a certain number of officers at the Centre, as we are doing at present. This will give experience to the personnel at the Centre leading to efficiency and administrative experience of the district which will give them an opportunity of contact with the people. They will thus keep themselves in touch with the situation in the country and their practical experience will be most useful to them. Besides, their coming to the Centre will give them a different experience and wider outlook in a larger sphere. A combination of these two experiences should make the Service more efficient. They will also serve as a Liaison between the Provinces and the Govt. and introduce certain amount of freshness and vigour in the administration both of the Centre and the Provinces. Therefore, my advice is that we should have a Central Service. सत्यमेव जयते

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22nd October, 1946

So now the business of the conference is over. I think we have done good work in a short time and I congratulate you all on the manner in which the business was conducted and thank you for the help you have given us in formulating these proposals. I would make one appeal in the end. All our decisions have been unanimous leaving one or two provinces who have taken a view which probably is not, in my opinion, well considered. But when the whole scheme is completed they will themselves fall in line with our proposals because in a large measure their proposals have been practically accepted. The real and crucial point in our discussion where differences arise is the question of control of the service. You all have good deal of experience in administration and you naturally feel the difficulty that you have experienced in the course of your administration in securing the loyalty

of service to a certain extent under present conditions. I do not claim to have that experience but I do claim to have experience of controlling the outside parties which give you trouble in the running of your administration and I also know as one who was entrusted with the, say, supervision and guidance of almost all the ministries in the country except two or three. As Chairman of the Parliamentary Board I have also had considerable experience in watching the administration that you have been conducting and the difficulties you have been experiencing and have been giving advice wherever it was necessary to make your work easy or light. From my experience I tell you that if you take this control which you propose to take—control of the services in the matters of discipline—I do not believe this would be helpful. There are parties and cliques outside which always, if you have got the power, put pressure on you to take action against an officer who is not willing to accept suggestion made by them which are not always wise you will lay the services open to many influences which are very undesirable. Therefore, before we came to a decision on this question in the Interim Government, we shall have to consider all these questions but I ask you also to consider this question, with your colleagues after you leave the conference. What I have suggested is a very useful guide and is advice in the interest of both the services and of those who have to take work from the services. We are to look for one thing only: that is the efficiency of services. We must look to the efficient administration of the future. How are we to secure it? Not by having a control over the services in the sense in which you are anxious to secure it but a real impartial control of the services which will give complete security to services, the provinces and to the people. Now they work under different circumstances. There are checks and counter-checks provided for them, they are not in touch with the people and the surroundings and the atmosphere are different. Some of them are living and feel like foreigners. In the areas where they live they do not mix with the people. They naturally wanted checks and counter-checks. Perhaps from their own point of view they were justified. In present conditions they must come in contact day and night with the people and cannot escape the influence that will move them or by which they will be affected. Democracy in India is in its infant stage. We have not yet created that public opinion or our level of public opinion has not risen to such an extent as would justify leaving our services to the influences outside. I would therefore ask

you to consider this question again carefully when you go. Of course all your views will be placed before the Interim Government. But as I told you, many of us, almost all of us, have considered this question in the Interim Government and we unanimously came to the conclusion that the only way to secure an efficient service is to give them protection from influences which will corrupt them. It would put temptations in their way and open a way to sycophancy and flattery. We shall consider this question and we shall consider your recommendations. But I appeal to you again to consider this question again. Except in the matter of control we are agreed on all points. Bengal and the Punjab want the same training; the same uniform scales; the same rules of leave and pension and about discipline also they want to have the reference made to the Federal Public Service Commission. There is very little difference and I think that difference will disappear. In fact, therefore, all our recommendations are unanimous and we may well take credit for coming to decisions which are vitally important to the future administration of the country. I thank you all once again for responding to my invitation at a short notice and giving your help and cooperation.

Extracts from minutes of Conference

The reason which prompted the decision in favour of an All India Administrative Service was mutual advantage both to the Centre and the Provinces. It would facilitate liaison between the Centre and the Provinces, ensure a certain uniformity in standards of administration and maintain the central administrative machinery in touch with realities. The provincial administrative machinery would on its part acquire a wider outlook and obtain the best material for the higher posts. The Home Minister emphasised that there was need for ensuring contentment and security in the Services and for seeing that the Services were free from communal or party bias.

Appendix 36

(See paragraph 17.19)

QUANTITATIVE AND QUALITATIVE ANALYSIS OF CANDIDATES TAKING THE IAS ETC. EXAMINATIONS

1. The figures of the total number of graduates (other than professional) turned out by the universities from 1960 to 1964 broken down classwise are as follows:—

| Year | | | | Total No. of graduates turned out | 1st class | 2nd & 3rd classes (combined) (Break-up not available) |
|-------------|----|----|----|---|-----------|--|
| 1960 | .. | .. | .. | 99,987 | 7,370 | 92,597 |
| 1961 | .. | .. | .. | 1,13,646 | 7,526 | 1,06,120 |
| 1962 | .. | .. | .. | 1,21,822 | 8,594 | 1,13,228 |
| 1963 | .. | .. | .. | 1,55,516 | 6,491 | 1,49,025 |
| 1964 | .. | .. | .. | 1,59,220 | 9,333 | 1,49,887 |
| Total No. | | | | 6,50,171 | 39,314 | 6,10,857 |
| Average No. | | | | 1,30,034 | 7,863 | 1,22,171 |

The annual average for this block of 5 years in respect of the total number of graduates turned out by the universities comes to 1,30,034 as against the annual average of 47,683 during 1950 through 1955. The annual average for the first class graduates during 1960-64 was 7,863 against 1,907 for 1950-55. This brings into bold relief the facts that the total number of graduates have increased manifold—the annual average has almost trebled—and that the annual average of the first class graduates during 1960-64 has increased more than four times compared to the period 1950-55. In terms of percentage, while in the first block the average of those who used to get first class in the university examinations was 4% it was 6% in the latter block. (The annual percentage figures for the second block are 7.4%, 6.6%, 7%, 4.2% and 5.9% for 1960, 1961, 1962, 1963 and 1964 respectively). This shows the number of 1st class graduates being turned out by the universities is larger, absolutely and proportionately. The decline in the number of first class graduates appearing for the competitive examination cannot be attributed to any general decline in the number of first classes produced by the universities.

2. The table below gives the figures of 1st class graduates who actually appeared in the competitive examinations during 1959—64 and also the ratio it bears to the number of vacancies filled.

| Year | Total number appeared in the Combined Competitive examination | No. of 1st class gra- duates appeared | No. of vacancies filled | Ratio between (4)(a) & (3) | Ratio between (4)(b) & (3) |
|---------|---|--|-------------------------------|-------------------------------|-------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | | | Total IAS | | |
| | | | (a) | (b) | |
| 1959 .. | 6,572 | 818 | 213 | 73 | 1 : 3.8 |
| 1960 .. | 5,873 | 749 | 274 | 87 | 1 : 2.7 |
| 1961 .. | 5,659 | 712 | 314 | 99 | 1 : 2.25 |
| 1962 .. | 5,391 | 630 | 313 | 90 | 1 : 2 |
| 1963 .. | 4,282 | 480 | 322 | 115 | 1 : 1.5 |
| 1964 | 4,005 | 457 | 367 | 128 | 1 : 1.25 |

It is found that despite an increase in the total number of graduates passing out of the universities in India during the period 1960-64 the number of applicants for the combined competitive examination and the total number of first division candidates actually appearing in the examination has gone down considerably. During the same period the number of candidates recommended for appointment to the all-India and central services has increased from 274 to 367, the increase for the IAS/IFS being from 87 to 128. In 1959, for every, vacancy in the IAS, 11 first class graduates applied (as against an average of 14 in the period 1950-55) and this number has come down to 3 by 1964.

3. The annual average of graduates who took the IAS etc. examination, broken up into the various classes, during 1950-55 was as follows:—

| 1st Class | 2nd Class | 3rd Class | Total |
|-----------|-----------|-----------|-------|
| 555 | 1,766 | 1,150 | 3,471 |

The annual average of 1st class graduates given above *i.e.* 555 works out to 29.1% of the total annual average of the first class graduates (*i.e.* 1,907) turned out by the universities during the same period. The annual average of the first class graduates who took the examination during 1960-64 was 606 which works out to about 8% of the total annual average of the first class graduates (*i.e.* 7,863) turned out by the universities during the same period. This shows that there has been a tremendous growth in the percentage of first class graduates who are not willing to take the examination. Though the annual average in

the second block has registered a numerical increase of about 51 (606-555=51) the proportion expressed in terms of percentages does not show a corresponding rise because the annual average of total number of first class graduates in the second block has registered about a four-fold increase *i.e.* from 1,907 to 7,863. With other avenues of employment opening up the earlier proportions could and should not have been kept up. The decline, however, has been sharp and it is not the fact of decline but its extent that gives cause for concern.

4. In the last four years there has been a proportionate decline in the talented material coming to the universities for graduation. Much of this material, after making its choice at the secondary stage, is siphoned off to the technical sphere.

Thus about 350 to 400 top students go to the various institutes of technology per year. Once these young people choose and branch off to technical career, they almost reach a point of no return and are lost to the generalist service. The technical spheres assure better emoluments (in the private sector) and, more important, certainty of respectable employment. On the other hand, uncertainty of career prospects, if one takes up the general line, is a deterrent to the young student who has to make up his mind irrevocably at an early stage. This is one of the most important reasons why more and more young people are now going after technical education and specialised professions as will be evidenced from the following statement of technical graduate produced during 1955-64:—

| Year | | Medical | Engg. & Technology | Agriculture | Veterinary | Total |
|------|----|---------|--------------------|-------------|---------------|--------|
| 1955 | .. | 2743 | 4017 | 886 | 268 | 7914 |
| 1956 | .. | 2732 | 4337 | 808 | 322 | 8189 |
| 1957 | .. | 2802 | 4223 | 994 | 509 | 8528 |
| 1958 | .. | 2859 | 4571 | 1387 | 591 | 9408 |
| 1959 | .. | 3119 | 4478 | 1700 | 801 | 10098 |
| 1960 | .. | 3387 | 5703 | 2090 | 831 | 12011 |
| 1961 | .. | 3900 | 7026 | 2612 | 858 | 14396 |
| 1962 | .. | 3946 | 8426 | 2912 | 988 | 16272 |
| 1963 | .. | 4289 | 9120 | 4099 | Not available | 17508* |
| 1964 | .. | 4452 | 9456 | 4731 | 1149 | 19788 |

*Excluding veterinary.

Whatever good quality general students remain have necessarily to be distributed all over the country amongst private sector, the Government undertakings and the generalist services. The private sector has been a keen competitor in catching the best talent produced by the universities.

Appendix 37
(See paragraph 17.38)

TABLE SHOWING THE DIVISION-WISE AND SUBJECT-WISE BREAK-UP OF THE EMERGENCY COMMISSION/SHORT SERVICE COMMISSION OFFICERS APPEARING IN THE IAS ETC. EXAMINATION, 1966.

| | | Pure Arts and Science (including Commerce and Law) | Engineering | Agriculture | Medicine (including B.Sc.) | Total |
|-----------|----|--|-------------|-------------|----------------------------------|------------|
| 1st Class | .. | 4 | 2 | .. | 1 | 7(2%) |
| 2nd Class | | 109 | 1 | 7 | 1 | 118(34.5%) |
| 3rd Class | .. | 215 | .. | 1 | 1 | 217(63.5%) |
| | | 328 | 3 | 8 | 3 | 342 |

The number of vacancies to be filled in the IAS, IFS, IPS and other Class I Central Services on the basis of this examination is more than 70. The number of vacancies reserved in the IAS alone is 20.

The rational concession that could have been granted to the released EC/SSC officers would have been one of relaxation of upper age limit only without lowering the standard of the examination and requiring them to compete with the other open market candidates.

Appendix 38
(See paragraph 17.50)

UTILISATION OF CENTRAL DEPUTATION QUOTA

| State | Sanctioned strength | Proportionate strength | Utilisation | | Total | Imbalance w.r.t. | |
|----------------------|---------------------|------------------------|--------------|-----------------|-------|------------------|-----|
| | | | Senior scale | Supertime scale | | (2) | (3) |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| Andhra Pradesh | 37 | 33 | 14 | 12 | 26 | +11 | +7 |
| Assam .. | 32 | 20 | 7 | 7 | 14 | +18 | +6 |
| Bihar .. | 37 | 36 | 18 | 23 | 41 | -4 | -5 |
| Delhi & H. P. | 16 | 9 | 1 | 1 | 2 | +14 | +7 |
| Gujarat .. | 34 | 26 | 10 | 11 | 21 | +13 | +5 |
| Jammu and Kashmir .. | 10 | 4 | 2 | .. | 2 | +8 | +2 |
| Kerala .. | 16 | 14 | 4 | 5 | 9 | +7 | +5 |
| Madhya Pradesh | 39 | 36 | 16 | 14 | 30 | +9 | +6 |
| Madras .. | 34 | 28 | 11 | 13 | 24 | +10 | +4 |
| Maharashtra .. | 30 | 34 | 15 | 16 | 31 | +8 | +3 |
| Mysore .. | 28 | 22 | 15 | 8 | 23 | +5 | -1 |
| Orissa .. | 33 | 27 | 11 | 13 | 24 | +9 | +3 |
| Punjab .. | 32 | 32 | 17 | 9 | 26 | +6 | +6 |
| Rajasthan .. | 28 | 26 | 23 | 2 | 25 | +3 | +1 |
| Uttar Pradesh | 61 | 53 | 41 | 61 | 102 | -41 | -49 |
| West Bengal .. | 33 | 29 | 16 | 11 | 27 | +6 | +2 |

*Proportionate strength has been calculated with reference to the number of officers in position in the cadre i.e. if the sanctioned cadre strength were what the actual strength of officers is.

Appendix 39

[See paragraph 19.9(4)]

STATEMENT GIVING SOME CONFERENCING DATA

| Serial No. | Name of the Conference | Date on which held | Date of issue of notice of the meeting | Date on which issued | agenda notes |
|------------|--|--------------------|--|--|--|
| 1. | Conference of State Food Ministers | 23-2-64 | 12-2-64 | 18-2-64 (2 items) 19-2-64 (2 items) 1 item circulated on the day of meeting. | |
| 2. | Food Conference of Chief Ministers | 24-6-64 26-6-64 | 17-6-64 | | istributed on the eve of the meeting in New Delhi. |
| 3. | Conference of State Chief Ministers | 26-10-64 | 9-10-64 | 25-10-64. | |
| 4. | Chief Ministers' Conference (Ministry of Home Affairs) .. | 29-10-64 | 21-10-64 | | Presumably distributed in that week. |
| 5. | National Development Council .. | 5-9-65 6-9-65 | 30-8-65 | | Sent piecemeal on 16-7-65, 23-7-65, 26-8-65, 30-8-65 and 1-9-65. |
| 6. | Conference of Chief Ministers (Ministry of Home Affairs) .. | 8-11-65 | 27-10-65 | 3-11-65 5-11-65 | |
| 7. | Chief Ministers' Conference .. | 16-11-65 | Not available | 14-11-65 | |
| 8. | Conference of Chief Ministers (Deptt. of Cabinet Affairs) | 19-7-66 | 6-7-66 | 18-7-66 | |
| 9. | National Development Council .. | 20-8-66 21-8-66 | Not available. | | Some chapters were sent on 11-8-66. Some on 12-8-66 and the rest on 13-8-66. |
| 10. | Chief Ministers' Conference .. | 8-4-67 9-4-67 | 17-3-67 | 1-4-67 | |
| 11. | Conference of the Chief Ministers and Finance Ministers of the states (Ministry of Finance) .. | 10-4-67 11-4-67 | 23-3-67 | 7-4-67 | .. |

Appendix 40
(See paragraph 19.13)

**ITEMS INCLUDED IN THE AGENDA FOR A FEW SELECTED MEETINGS OF CHIEF MINISTERS
AND STATE MINISTERS**

| Serial No. | Conference | Items of agenda | Nature of issues involved | |
|------------|---|--|---|--------------------|
| 1 | 2 | 3 | 4 | 5 |
| 1 | State Finance Ministers' Conference (7-11-63) | 1. Sales tax, progress of collections, improvements in procedures, measures for preventing evasion. 2. Market borrowings whether centralised or decentralised, guaranteeing by state governments of loans raised by other bodies. 3. Provision for debt redemption, setting up of sinking funds 4. Property tax on appreciation of values 5. Returns on investments in irrigation projects 6. Electricity rates 7. Problems of economic growth 8. Social security measures 9. Slum clearance schemes | Do. Do. Do. Do. Do. Do. Do. Do. Do. | Super-departmental |
| 2 | Conference of State Food Ministers (23-2-64). | 1. Licensing control on foodgrains dealers 2. Taking over of rice mills under state control 3. Procurement of rice 4. Problems of price stabilisation in 1964 5. Sugar production | Do. Do. Do. Do. Do. Do. Do. Do. Do. | Departmental |
| 3 | Chief Ministers' Conference (24-6-64). | 1. Vigilance Commissions for states 2. Lotteries and raffles 3. Central financial assistance to victims of communal disturbances. | Do. Do. Do. | |

Appendix 40—contd.

| 1 | 2 | 3 | 4 |
|---|--|---|--------------------|
| | | | Super-departmental |
| | | 4. | |
| | | Amendment to the law of elections in respect of ceiling on election expenses. | |
| | | 5. Separation of judiciary from the executive | Do. |
| | | 6. Recruitment policy in public undertakings | Do. |
| | | 7. Introduction of a provision in the recruitment rules making future entrants to engineering and medical services posts under state governments liable to service in the Armed Forces or on work connected with defence. | Do. |
| | | 8. Arrangements for manpower planning at the state level | Do. |
| | | 9. Central Security Force for industrial undertakings | Do. |
| | | 1. Measures to deal with food situation | Do. |
| | | 2. Measures for increasing agricultural production | Do. |
| | | 3. Problems relating to the intensive agricultural district programme. | Departmental |
| | | 4. Special development programmes for poultry, fishery, livestock and horticulture. | Do. |
| 4 | Food Conference of Chief Ministers (24—26-6-64). | | |
| | | 1. Review of food situation. | Do. |
| | | 2. Implementation of foodgrains policy 1964-65 | Do. |
| | | 3. Food policy for 1965 | Do. |
| | | 4. The system of distribution | Do. |
| | | 5. Revision of issue prices for wheat and rice | Do. |
| | | 6. Policy regarding food grants | Do. |
| | | 7. Establishment of Foodgrains Corporation of India | Do. |
| | | 8. Review of position regarding sugar | Do. |
| | | 9. Edible oils and oilseeds policy in 1964-65 | Do. |
| 5 | Conference of State Chief Ministers (26-10-64) | | |
| | | 1. Review of action taken on the important recommendations of the previous Conference (1964). | Do. |
| | | 2. Panchayati raj | Do. |
| 6 | Conference of State Ministers of Community Development and Panchayati Raj (July 1965). | | |

| | | | | |
|--|--|----|----|--------------------|
| 7 Chief Ministers' Conference (16-11-65) | (i) Scope, content and approach | .. | .. | |
| | (ii) Mode of elections | .. | .. | |
| | (iii) Finances | | | |
| | (iv) Audit | | | |
| | (v) Incentives and safeguards | | | |
| | (vi) Administrative relationships. | | | |
| | 3. Panchayati Raj co operation and mobilisation for production programmes | | | Departmental |
| | 4. Training and education .. | .. | .. | Do. |
| | 5. Youth and women .. | .. | .. | Do. |
| | 6. Rural Manpower Programme .. | .. | .. | Do. |
| Conference of State Chief Ministers. (9-10-4-66) | 7. Weaker sections .. | .. | .. | Do. |
| | (i) Tribal development blocks | | | |
| | (ii) Other weaker sections of the village community | | | |
| | 8. Applied nutrition programme .. | .. | .. | Do. |
| | 9. Administrative problems .. | .. | .. | Do. |
| | (i) Permanency of block staff .. | .. | .. | |
| | (ii) Weeding out of unsuitable staff .. | .. | .. | |
| | 10. Community Development in the Fourth Plan .. | .. | .. | |
| | 1. Review of food and scarcity situation and measures necessary to meet it. | | | Super departmental |
| | 2. Report on the Foodgrain Policy Committee 1966 .. | .. | .. | Do. |
| Conference of State Chief Ministers. (9-10-4-66) | 1. High yielding varieties programme 1966-67 .. | .. | .. | Do. |
| | 2. Requirements of fertilisers and pesticides .. | .. | .. | Do. |
| | 3. Requirements of seeds for the high yielding varieties programme. | | | Do. |
| | 4. Administrative set-up necessary for the high-yielding varieties programme. | | | Do. |
| | 5. Centre-state liaison for better implementation of agricultural production programmes. | | | Do. |
| | 6. Need for integration of Agricultural, Co-operation and C. D. Departments in the states. | | | Do. |
| | 7. Agricultural credit .. | .. | .. | Do. |

Appendix 40—contd.

| 2 | 3 | 4 |
|---|--|---------------------------------|
| 9 Conference of State Chief Ministers. (19 7-66) | 1. Economy in government expenditure, price control including opening of departmental and consumer stores. 2. Agreed discipline in the matter of state borrowings from the R.B.I. and on deficit financing. 3. Food supply position 4. Law & order situation | Departmental |
| 10 Conference of State Ministers of Information. (20/21-7-66) | 1. Important publicity campaigns (a) All media publicity for food and family planning. (b) Campaign on the food front. (c) Family planning. (d) National savings. (e) Export promotion. (f) National integration. (g) Pre-election publicity. (h) Plans, patterns and resources for effective co-ordination between centre and states. (i) Border publicity. (j) Publicity for the Armed Forces. | Super-Departmental |
| 2. Broadcasting:— | (a) The role of radio in national campaigns (b) Rural broadcasting system, community listening scheme, supply of battery packs and expansion of community listening facilities. (c) Radio rural forums (d) Women's listening clubs in rural areas (e) Association of state governments with special programmes of A.I.R. | Do. Do. Do. Do. Do. |

3. Press—

| | | | | |
|--|----|----|----|--------------------|
| (a) Plan publicity | .. | .. | .. | Departmental |
| (b) Publicity in Indian languages | .. | .. | .. | Do. |
| (c) Exchange of releases, reports and documents | .. | .. | .. | Do. |
| (d) Divakar Committee's recommendations | .. | .. | .. | Super-departmental |
| (e) Offices of the Bureau at Manipur and Tripura | .. | .. | .. | Do. |
| (f) Teleprinter link with Imphal | .. | .. | .. | Do. |
| (g) Information centres | .. | .. | .. | Do. |
| (h) News digest for Nagaland | .. | .. | .. | Do. |
| (i) Production of publicity material in regional languages | .. | .. | .. | Do. |
| (j) Verification of circulation claims | .. | .. | .. | Do. |
| (k) Working of central and state press advisory committees | .. | .. | .. | Do. |

4. Films—

| | | | | |
|---|----|----|----|-----|
| (a) Scheme for enlisting co-operation of film industry | .. | .. | .. | Do. |
| (i) Setting up of new cinema houses | .. | .. | .. | Do. |
| (ii) Provision of essential spare parts, studio equipment and cinematograph machinery. | .. | .. | .. | Do. |
| (iii) Rationalisation of entertainment and other taxes | .. | .. | .. | Do. |
| (iv) Institution of producers' fund | .. | .. | .. | Do. |
| (b) Improvement in the quality of documentaries | .. | .. | .. | Do. |
| (c) Co-ordination of the film production and distribution programmes of the state governments and the films division. | .. | .. | .. | Do. |
| (d) Production of regional newsreels | .. | .. | .. | Do. |
| (e) Supply of G.P.P. Films and newsreels to state governments. | .. | .. | .. | Do. |
| (f) Release of documentaries produced by state governments on all-India circuit. | .. | .. | .. | Do. |
| (g) Films produced on cost-sharing basis | .. | .. | .. | Do. |
| (h) Documentary units for Union Territories | .. | .. | .. | Do. |
| (i) Dubbing of documentary films in tribal languages | .. | .. | .. | Do. |

Appendix 40—contd.

| 1 | 2 | 3 | 4 |
|----|---|---|--|
| | | <p>(j) Raw stock of colour films</p> <p>(k) Inter-state films festivals</p> <p>(l) Role of feature films in modern India</p> <p>(m) Ban on indecent film posters</p> <p>(n) Framing of model cinema regulations</p> | <p>Departmental</p> <p>Do.</p> <p>Do.</p> <p>Do.</p> <p>Do.</p> <p>Do.</p> |
| 11 | Conference of the State Ministers of Co-operation. (11-10-1966) | <p>1. Review of the progress of distribution of co-operative credit for the high-yielding varieties programme in Kharif 1966.</p> <p>2. Review of the implementation of the crop loan system ..</p> <p>3. Review of the programme of revitalisation of primary credit societies.</p> <p>4. Strengthening of the resources of co-operative credit structure.</p> <p>5. Scheme of outright grant to special bad debt reserves of co-operative banks and societies.</p> <p>6. Programme for consumer co-operatives in the urban areas ..</p> <p>7. Scheme for enlarging the programme of distribution of consumer articles in rural areas.</p> <p>8. Review of the progress in implementation of schemes assisted by the Agricultural Refinance Corporation.</p> | <p>Do.</p> <p>Do.</p> <p>Do.</p> <p>Do.</p> <p>Do.</p> <p>Do.</p> <p>Do.</p> |
| 12 | Conference of Chief Ministers. (8/9-4-67.) | <p>1. Review of the food situation by the Minister</p> <p>2. Review of the food situation and measures necessary to deal with it.</p> <p>3. National Food Budget and determination of procurement targets for 1967.</p> <p>4. Procurement prices for Rabi foodgrains</p> <p>5. Language problem</p> <p>6. Administrative Reforms Commission's Report on Lok Pal and Lok Ayukt.</p> | <p>Super-departmental</p> <p>Do.</p> <p>Do.</p> <p>Do.</p> <p>Do.</p> |

| 13 Conference of Labour Ministers. (9-5-67.) | 1. Recognition of Unions and rights of recognised and unrecognised Unions. | Departmental |
|---|---|---------------------|
| | 2. Reference of wage disputes to adjudication during pendency of Wage Board. | Do. |
| | 3. Present practice of consultation with the centre before reference to adjudication by state governments in disputes in central public undertakings. | Do. |
| | 4. Policy regarding 'gherao', stay in strike, obstruction to removal of finished goods from factories. | Su per-departmental |
| | 5. Industrial truce resolution and code of discipline—need for close observance by employers and trade unions. | Do. |
| | 6. Policy towards rationalisation and other steps which may not interfere with existing employment or terms of service or work load but which might affect future employment potential. | Do. |
| | 7. Uniform policy and steps throughout the country in the matter of closure, retrenchment, lay off etc. | Do. |
| | 8. Amendment of the Indian Trade Unions Act, | Do. |
| | 9. Amendment to Sections 10, 20, 19 of the Bonus Act, 1965 . . | Do. |
| | 10. Amendment to the Industrial Disputes Act, 1947 . . | Do. |
| | 11. Reconsideration of provision for exemption under Section 17 (1) of the Employees' Provident Fund Act, 1952. | Do. |
| | 12. Application of Labour Laws to agricultural labour . . | Do. |
| | 13. To request the Central Government to share with the state governments the expenditure incurred on enforcement machinery in charge of central labour laws and implementation of labour policy laid down by the Central Government in ratio of 60 : 40 on the analogy of expenditure incurred on schemes relating to employment and establishment charges by Central and state governments. | Do. |

Appendix 41

(See paragraph 20.7)

NAMES OF PERSONS CONSULTED BY THE STUDY TEAM

1. Shri C. D. Deshmukh
2. Shri R. K. Khadilkar, M.P., Deputy Speaker, Lok Sabha
3. Shri K. M. Munshi
4. Shri Nath Pai, M.P.
5. Dr. Karni Singh, M.P.
6. Shri H. V. Patskar
7. Shri K. Santhanam
8. Shri B. Shiva Rao
9. Shri B. Venkatappiah
10. Shri K. V. K. Sundaram, Chief Election Commissioner
11. Shri P. N. Kripal, Secretary, Ministry of Education
12. Shri D. P. Anand, Chairman, Central Water and Power Commission
13. Shri T. A. Varghese, Vigilance Commissioner and Planning Adviser, Government of Madras
14. Dr. I. G. Patel, Chief Economic Adviser, Ministry of Finance
15. Dr. K. S. Krishnaswamy, Economic Adviser, Planning Commission
16. Shri B. S. Nag, Adviser (I&P), Planning Commission
17. Shri K. K. Dass, Chief Secretary, Uttar Pradesh
18. Shri Rajendra Lal, Secretary, Union Public Service Commission
19. Shri P. S. Subramanian, Deputy Election Commissioner
20. Shri P. K. Dave, Joint Secretary, Ministry of Home Affairs
21. Shri Saran Singh, Joint Secretary, Department of Agriculture
22. Shri G. Jagatpati, Joint Secretary, Ministry of Home Affairs
23. Shri A. R. Shirali, Joint Secretary, Department of Economic Affairs.
24. Shri S. Dutt, Joint Secretary, Department of Co-ordination
25. Shri K.A.P. Stevenson, Joint Secretary, Planning Commission

26. Shri Anil De, Joint Secretary, Department of Rehabilitation
27. Shri P.R. Ahuja, Joint Secretary, Ministry of Irrigation and Power.
28. Shri K. Ramamurthi, Joint Secretary, Department of Agriculture
29. Shri M. Ramakrishnayya, Joint Secretary, Department of Social Welfare
30. Shri L. O. Joshi, Joint Secretary, Ministry of Education
31. Shri P. Sabanayagam, Joint Secretary, Ministry of Iron & Steel
32. Shri B. B. Vohra, Joint Secretary, Department of Agriculture
33. Shri N. S. Pandey, Joint Secretary, Administrative Reforms Commission
34. Shri L. S. Chandrakant, Joint Educational Adviser, Ministry of Education
35. Shri J. S. Basur, Former Chairman, Punjab Public Service Commission
36. Shri Ved Prakasha, Secretary to Minister for Education
37. Shri S. S. Puri, Secretary, National Co-operative Development Corporation
38. Shri N. Khosla, Joint Development Commissioner, Small Scale Industries, Ministry of Industry
39. Shri A. S. Gill, Secretary (Revenue), Gujarat
40. Shri G. Ramachandran, Secretary (Finance), Madras
41. Shri K. S. Narang, Secretary (Finance), Punjab
42. Shri M. A. Abbasi, Secretary (Finance), Andhra Pradesh
43. Shri G. C. Phukan, Secretary (Finance), Assam
44. Shri H. N. Prasad, Secretary (Finance), Bihar
45. Shri F. N. Rana, Secretary (Finance), Gujarat
46. Shri B. S. Manchanda, Secretary (Finance), Haryana
47. Shri D. N. Gupta, Secretary (Finance), Jammu & Kashmir
48. Shri R. Gopalaswamy, Secretary (Finance), Kerala
49. Shri R. N. Malhotra, Secretary (Finance), Madhya Pradesh
50. Shri V. M. Joshi, Secretary (Finance), Maharashtra
51. Shri Dhyan Singh, Secretary (Finance), Nagaland

52. Shri K. S. Bawa, Secretary (Finance), Orissa
53. Shri M. Mukherji, Secretary (Finance), Rajasthan
54. Shri B. N. Maheshwari, Secretary (Finance), Uttar Pradesh
55. Shri R. Tirumalai, Secretary, P.W.D., Madras
56. Shri Ishwar Chander, Secretary (I. & P.), Haryana
57. Shri R. N. Chopra, Secretary (Agriculture), Haryana
58. Shri S. S. Grewal, Secretary (Agriculture), Punjab
59. Shri Chandappa Patel, Secretary, P.W. and Electricity Department, Mysore
60. Shri G. A. Narasimha Rao, Additional Secretary, P.W.D., Andhra Pradesh
61. Shri J. C. Luther, Deputy Secretary, Administrative Reforms Commission
62. Shri S. R. Sankaran, Deputy Secretary, Department of Co-ordination
63. Shri K. S. S. Murthy, Deputy Secretary, Ministry of Irrigation and Power
64. Shri R. T. Mirchandani, Agricultural Marketing Adviser, Govt. of India, Nagpur
65. Dr. P. Bhattacharya, Animal Husbandry Development Commissioner, Department of Agriculture.